THE Freeman

IDEAS ON LIBERTY

JUNE 1964

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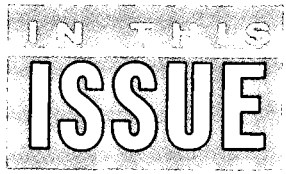

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THE Freeman

JUNE 1964 Vol. 14, No. 6

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ZONED OR OWNED?

The "almost-libertarian" may be described as one who is almost consistent in his belief in freedom of choice, limited government, and private ownership – but not quite. Whether such slight deviation from principle is important or unimportant as it pertains to zoning, is the basis of this discussion.

JOHN C. SPARKS

IN OUR DAY there are but few persons, surely, who would adopt plain, unadorned, outright thievery as a way of life. And if a few were so inclined, the rest of us undoubtedly would bring the force of police power to bear upon them in order to discourage their immoral inclinations.

Crude transgressions upon the right to own one's property, therefore, are rather effectively thwarted. People almost always recognize stealing in its simplest form and act to prevent it. Failure to do so would produce unpleasant, unhappy results, for in a society in which ownership is not respected, production of goods beyond mere subsistence level ceases. After all, why should one person produce a good that could be taken away by another? As a way of life, stealing can result in nothing more than a hand-to-mouth kind of existence. Stealing is the removal of property, in whole or part, or of the right to its use, from its owner without the owner's consent. In the absence of theft, a complete owner may use his property as he wishes, sell it to another who wants to buy it, give it away, or even destroy it – as long as he has not removed another person's right to do likewise with his property.

Now, let us introduce a bit of complexity to the discussion of stealing. A legend, related by Plato, tells of a shepherd who found an unusual ring. When the ring's set was turned inward toward the palm of the hand, the wearer became invisible.[1] A ques-

Mr. Sparks is a business executive of Canton, Ohio.

[1] Plato's *The Republic*, translated by Benjamin Jowett, (New York: The Modern Library).

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tion is then posed. How would a man react if he had such a ring in his possession? Would he transgress upon another if he could remain invisible while perpetrating this invasion of another's rights? Would he steal if there were no danger of being caught?

Twentieth-century man need not speculate about magic rings to hide his immorality. Over recent centuries he has become enamoured with the ever-widening use of a device called majority rule which does much the same thing. Through the privacy of a ballot box, the voter becomes an unidentified person, in effect an invisible person, who has the chance to transgress upon his neighbor by voting to remove legally a part of his neighbor's property or his right to use it as he likes.

Irresponsible Behavior

When the scope of government is extended beyond the police protection of the life, liberty, and property of each citizen, we have entered the land of the shepherd's legendary ring. And as the intrusion of government interference into private lives becomes the customary and accepted manner of society's operation, the sense that distinguishes between the moral and the immoral is lost, or at least numbed.

Regardless of a dulled moral sensitivity within a society, stealing causes evil results. And it causes evil results even though accomplished by "invisible" means. Faced with such bad results, man naturally tries to find cures for these unpleasant outcomes. As he does so diligently and honestly, he slowly moves to a better understanding of the laws of our Creator. He sees more clearly than before the fallacy of hiding his moral responsibility in the midst of the group. He discovers that the commandment – "Thou shalt not steal" – is more complicated than he ever knew. Occasionally, the real source of an abuse against an individual's rights is discovered, and even less occasionally successful steps are taken to rectify it. Examples of these rare instances are the events leading to the Magna Carta, Petition of Rights, and Declaration of Independence. Perhaps one measure of man's evolution is the degree of his ability to recognize transgressions of men upon other men that go beyond the simple commission of theft and murder.

However, the process described never arrives at a final conclusion as it threads its way through the chronicles of history – never moves in a straight line toward deeper discernment. Sometimes a gain is registered; at other times

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ground is lost. Man's imperfection allows only glimpses here and there as he struggles upward on the irregular path of evolution. Therefore, it should not be surprising that certain manifestations of particular abuses by some men against others may be quite unsuspected. An abuse may appear in a form that seems to be very respectable, even praiseworthy. It may receive the unqualified support of leading citizens who sincerely attempt to achieve a desirable goal through its use.

The Abuse That Is Zoning

One manifestation of this kind is zoning. By definition, zoning is an interference with the right of ownership. When an owner of a property may use such property, consume it, give it away, exchange it – all as he wishes – that is ownership. Zoning reduces his latitude of action by political restrictions that prevent certain possible uses and require others. *Zoning* and *owning* are different systems of determining land use. Either the land will be privately owned and its use determined by the owner to his greatest satisfaction from the choices available to him in the market place, or the land will be used as directed by government.

Zoning has attained widespread acceptance in most urban communities and in many rural districts as well. Numerous civic leaders of good reputation believe zoning is a proper method to preserve and even to encourage a growth of property values. As a result of such popularity, it is likely that few persons consider zoning wrong – or perhaps admitting it is an intervention, consider it a "good" intervention producing more good than evil. Or a few may believe it is a wrong intervention, but still better than allowing each owner to make his own decisions, predicting the latter would be chaotic. Logic is laid aside. Forgotten is the fact that stealing is a reduction of an owner's right to his property without his personal consent, and that zoning falls within the definition of this wrong. Knowing that wrong methods inevitably produce wrong results, we should logically expect wrong results in proportion to the degree zoning dictates property use.

Should Be Unnecessary To Prove

It really should be unnecessary to have to prove that evil begets evil in every separate and new instance. To identify an evil method should be sufficient reason in itself to bring it to an end. It is a sorry commentary on our time that expediency is the prevailing

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measure rather than principle. So, we must try to establish by evidence once again that any evil – including zoning – brings about evil results.

It would be convenient if every unhappy effect were clearly identified with its root cause. But such is not the case. Causes are often obscure and must be carefully searched out.

And even then the connection between an alleged cause and an alleged effect may be beyond unquestionable proof. Particularly is this the case regarding land use, because each piece of land is as unique as a fingerprint. Its owner is also unique, being the only one of his particular mold in all creation. For these two reasons alone, no set of circumstances surrounding the determination of land use can be identical with another. Consequently, whether one land use is better than another cannot be proven in the manner that a chemist, for instance, would experiment with two situations controlled to be alike in all respects except one, so that one variable and its cause and effect relationship can be isolated. Hence, the search for "proof" will produce only circumstantial evidence. We could proceed from either end – as a prognosis, wherein a known wrong action is the basis for predicting an ill-fated outcome; or as a diagnosis, wherein the outcome provides a clue as to its contributing causes. Probably both methods must be employed, drawing upon theory and whatever evidence there is available.

The Small, Inauspicious Beginning

Knowing the nature of other kinds of government intervention, we might expect zoning would have a growth pattern starting small and inauspiciously, and for reasons not too unpalatable to property owners at the outset. In fact, the desirable purposes given in the beginning for having zoning probably would easily overshadow the mild objections. Furthermore, zoning proponents would emphatically rebuff those few objectors who visualized future mischief from this intervention.

Many interventions have followed this gradual growth pattern. Zoning fills this description quite well. It was adopted first in 1916 in New York City. The reasons given were for the preservation of health, safety, morals, and the general welfare, for the most part relating to fire protection and congestion due to tall structures. Economic preservation or development of property value was not considered to be a part of zoning at all. In fact, great care was taken to see that zoning would not become an economic plaything of

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politicians. Bassett, in his book, *Zoning*, reported a concern among the populace of favoritism toward some owners at the expense of others.[2] Recounting the first twenty years of zoning, Bassett says that the enabling act (in 1916) which required uniform application of restrictions within a district was imperative to its first passage. Without such a provision, property owners would have become especially hostile, and zoning would have been unacceptable thereby precluding it from becoming a law. However, once the law was passed, this rule of uniform treatment began to be disregarded. *Economic preservation and development* of property quickly came to the fore as *the* reason for zoning.

After a Half-Century of Zoning

In a matter of one-half century zoning has passed from an early restraint of minor degree designed only to protect health and safety, to the broad dictatorial power of today that has transferred owner decision-making to a political commission or board. What are the results of the application of the zoning idea over the years? Have the early purposes of zoning been accomplished in the half century of its use? Bassett contended that "improper uses of land caused injury to homogeneous areas and were especially productive of premature depreciation of settled localities." He then described a typical transition of a residential area from one-family homes to apartment houses, then to stores, garages, and factories. Apparently, he was convinced that such changes over the years would be for the worse and would likely leave behind blighted areas. To stabilize residential localities from such alleged deterioration was the common reason for the passage of zoning regulations in the early twenties. Zoning would prevent blight, its advocates assured; before long the "blight preventive" was being adopted throughout urban America. Surely, property owners and civic leaders could look forward to many years of healthy economic progress under the blessing of zoning.

But no! Cities subscribing to regular doses of zoning for nearly 50 years are today faced with bigger and worse blighted areas than ever before. The modern-day medicine prescribed by today's planner (yesterday's zoner) is an even larger dose of limitation against owner decisions and placement of even more power in the hands of the zoning and planning commissions. Evil spawns more of the same.

[2] Edward M. Bassett, *Zoning*. (Russell Sage Foundation, 1936), p. 26.

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Property Owner Seeks Maximum Satisfaction

To the best of his ability, an owner will use his property in a manner that he intends will give him the most satisfaction. Frequently, the satisfaction an owner gains from his property is measured in terms of economic worth, or substantially so. If the use of each piece of land within a community has been separately determined by its individual owners, each striving for maximum satisfaction, the total satisfaction within the community – chiefly economic – will also be near its maximum for that particular time. Conversely, restrictions that do not allow each owner the freedom to achieve maximum satisfaction with his property, will require him to make second- and third-rate (or worse) choices.

Richard V. Ratcliff, Professor of Economics, University of Wisconsin, in his book, *Real Estate Analysis*, contends that the sum of all decisions, with respect to individual real estate investments and land use, determines the manner in which cities grow and change.[3] It logically follows that the sum total of second-rate economic decisions within a community can produce over all only a second-rate economic satisfaction. A community whose growth pattern must rely upon second-rate economic decisions should expect to find itself in economic trouble.

[3] *Real Estate Analysis*. (New York: McGraw-Hill Book Co., 1961).

Second-Rate Decisions

Second-rate decisions are not just happenstance. *As an owner* with only partial ownership rights, he must fit his decision within government edict, rather than from unimpeded judgment. *As a zoning official*, the decisions are second-rate because the decision-maker lacks first-rate ingredients. His chief lack is the very real discipline that ties an owner personally (and financially) to the results of his decision. The zoner decides for other owners regarding the use of their properties and knows when he does so that he is not accountable personally for his inadequate or erroneous acts. Furthermore, the zoner can conceal the part he plays since he is only one member of a commission or a committee, thereby often avoiding the direct brunt of verbal accusation from the property owner who feels unjustly treated. The zoner, therefore, lacks ingredients important to first-rate decisions.

Neither does his becoming a zoning official provide him with other ingredients to make up for the lack. He is not endowed with special access to wisdom or foresight. Zoning commissions have no

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"corner" on the foretelling of future events, or of new developments. Rather the contrary is more common. Who, in the heyday of the canals in the early nineteenth century, anticipated that railroad travel was about to cross the threshold of progress? Who, in 1910 (or 1920, or 1930) could have described the twin impact of the modern automobile and communication methods on their grandchildren of the 1960's?

Legislating "Visionary" Shortcomings

Although zoners and planners by their actions have repeatedly proved their own "visionary" shortcomings by inaccurate estimates of new developments and change, this does not seem to deter them from eagerly and confidently trying again at each new opportunity. Tenacity is a laudable trait at times, but not when the price of the planner's failure must be borne by others than himself. For example, one should not be startled to find that brand new merchandising methods and modes of living, growing out of these twins of twentieth century progress, would demand a freedom of development not generally permitted within the boundary lines of most large cities. The most competent zoners simply could not have anticipated the radical changes arising from the post-World War II automobile and instant communication.

Changing Trends of Living and Relaxing

More economic (and other) satisfaction began to be achieved *outside* the city, in the suburbs or in the countryside, where no zoning existed. Shopping centers suddenly became a fantastic economic phenomenon all over America — with one nearly uniform characteristic — they were located almost anywhere and everywhere but seldom within the customary commercial areas of the cities, at least, during the period of their early development. Many developed outside the corporation limits. The difficulty involved in obtaining needed relaxation or modification of zoning statutes within the cities discouraged the early shopping center development from taking place there.

Even the nature of recreation changed and affected the economy. The witnessing of entertainment moved from population centers (movie theaters, professional baseball stadiums, and the like) into the home via television, while the popularity of participant entertainment and recreation climbed steeply. Such change calls for extreme economic agility not permitted by government-determined land use.

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Zoning Lacks Originality

Can there be a connection between the zoning-type restrictions and the dull, stagnating economic condition that is the usual forerunner of the frantic demands of local downtown owners for federal aid? Zoning prescribes sameness and monotonous uniformity. Neither is a characteristic of being alive. In her book, *The Death and Life of Great American Cities* (Random House, 1961), Jane Jacobs says, "Do cities decline because they are blighted by too many people; because they have close-packed mixtures of commerce, industry, and housing; because they have old buildings and narrow streets, with small landholdings along them? Not at all. These are the very things that can – and do – give big city neighborhoods the close-grained diversity they must have to thrive, to be the kind of place people want to come." She urges that diversity be encouraged. Real diversity cannot be artificial, that is, taken from the singular majority mind of a zoning commission or city council. True diversity is the result of thousands of separate land-use decisions by all individual owners.

Zoners and planners frequently try to obtain diversity by indulging in an imitation of the "real McCoy." Interventionists would be completely at sea without the knowledge of free market results for them to imitate. While zoning may be looked upon by some as advanced thinking, in reality it is an attempt at imitation of the best results already obtained elsewhere in a free market place. Consequently, such attempts to copy must be necessarily "after the fact"; it cannot be original in the sense of being in harmony with the pulse beat of contemporary economic decisions.

The City of Houston, Texas, is often pointed out as the largest American metropolis without zoning. This does not mean that all citizens there favor nonzoning. Periodic balloting on the issue shows there are some who want zoning, although it has met defeat each time. As a result of the issue being raised every few years, a case against zoning and in favor of complete ownership-determination of land use has been regularly prepared after a great deal of study and research. There is strong evidence that property values in Houston and certain nonzoned suburban communities of greater Houston are at an enviable level when compared with property values in other adjacent *but zoned* suburbs and in other comparable cities of the nation.[4]

[4] From reports of The Greater Houston Planning Association, February, 1962.

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Houston, Texas — Without Zoning

From 1950 to 1960 Houston has grown from the twelfth largest city in the country to the seventh largest — *without zoning* to work its "mysterious wonders." Many of its citizens proudly compare property values of Houston with their neighbors in certain zoned suburbs. The Houston values are reported to be almost always substantially higher, for example, for property on one side of a street (in Houston) compared with zoned property on the other side of the same street that lies in a suburban community. Both sides of this common-boundary street were once residential. The suburban community "protected" its property owners — only residential use was permitted. The "protected" property value today is comparably very low, but still residential. Land use on the Houston side is a mixture, but of high value.

Others — With Zoning

In his book, *The Future of Our Cities* (Doubleday & Company, Inc., 1961), Robert A. Futterman places the blame for the "traffic horror" of Los Angeles and Washington on zoning ordinances which prohibited buildings of more than thirteen stories in either city. The reason in Los Angeles — earthquakes; in Washington — to prevent monuments from being dwarfed by large buildings. How does this restriction produce horrible traffic snarls? Futterman contends that as a result of such restriction it is impossible to develop sufficient downtown work-population density to support a rapid transit system. Hence, the automobile overtaxes the highway and street facilities.

Futterman goes on to observe an error of typical suburbia which has zoned against industry, apartment houses, and the usual list of "undesirables" only to find themselves beaten and bruised in carrying the whole burden of school taxes. Many of these same communities now are officially searching for potential industry to locate within their previously "pure" residential and restricted commercial areas. Political determination as a method of accomplishment must always run last in an economic race against decisions growing out of individual freedom of choice.

To the degree a city is stifled by zoning, it moves away from maximum economic progress and toward an economy made up of second-rate, or worse, decisions. Zoning becomes operative only when it prevents owners from making choices they consider best. Question: Is the zoner blessed with more intelligence and wisdom

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than other humans? Is he more capable and talented in the art of good decision-making than owners would be with their own properties? Even a zoner with an overly-generous endowment of wisdom and intelligence would have trouble honestly answering these questions affirmatively.

A Question of Honesty

Zoning dictates land use politically. Within the hands of the political agents often is the power to designate who shall receive the benefit of a land monopoly. This is the case to a larger degree in federal urban renewal planning, but even zoning has its areas of discretion within which the members are empowered to use their own judgment, particularly where the element of diversity is sought.

"Recent experiences . . . have shown that without flexibility zoning imposes a virtual strait jacket of regulations upon community development . . . and the use of property."[5] To overcome inflexibility, the modern zoning ordinance seeks to interject flexibility to cope with changing times – not the natural flexibility reflected by the thousands of independent economic decisions, but the artificial imitation discussed before. Therefore, flexibility is necessarily achieved by providing zoning officials with areas of discretion. These are areas conducive to influence and persuasion beyond the realm of impartial justice – in fact – arbitrary determination may be the only method open to zoning officials in certain instances. How then can such an official be free from the special influence of those who would convey valuable considerations in return for favorable decisions?

In an article[6] in *The Cleveland Press* dated Wednesday, February 12, 1964, Forrest Allen said, "A Cleveland City Plan adopted in 1949 has been virtually abandoned under pressures – from councilmen and others – for spot zoning to meet spot needs. The 1949 plan has become just a pretty map. If all the zoning changes since 1949 were put on in red ink, the so-called plan would have a bad case of smallpox. A detailed study of 1963 zoning changes shows that while some appear to come easy for real estate promoters, an industry without friends in Council has a tough time." In a second article of the same series Allen went on to say that "the real planners of Cleveland today are land speculators and apartment building promoters."

[5] Martin J. Rody and Herbert H. Smith, *Zoning Primer*. (Chandler-Davis Publishing Company, 1960), p. 38.

[6] "Spot Zoning Riddles City Master Plan"

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Special favors are not confined to areas within municipal boundary lines since the advent of county-wide or township-wide zoning. If a politically-favored farmer near a developing suburban area can win a zoning classification that is virtually monopolistic (for example, the only land zoned for business for miles around) it can be quite valuable to him, forcing others to deal with him on his terms if they wish to establish a business in the general vicinity.

As a result of this kind of behind-the-scenes political by-play, zoning lends more *in*stability than stability to land use. Home owners who believe they are protected by zoning may have a rude awakening when a zoning change is suddenly approved to accommodate the speculator who appears to have had unusual influence with the "right" persons in the municipal officialdom. A legally exclusive or monopolistic privilege to an enterprise no one else within the area is permitted to engage in, is an attractive prize and often becomes a lucrative temptation to corruption. Frequently, newspaper stories about hearings on proposed changes in zoning classifications report unexpected, unexplained reversals in the positions formerly taken by certain councilmen or zoning commissioners.

This is not to imply that all zoning authorities, or even most of them, are dishonest. They are, however, charged with the responsibility of making decisions that grant special dispensation to some persons over others. Whether the judgment is honest, dishonest, wise, or unwise, the decision is an intervention that comes primarily from the political realm. It can never be an accurate reflection of numerous owners making their own separate decisions aimed to bring the greatest economic satisfaction mutually to the parties involved.

To Coerce or To Compete?

It is natural for a man to attempt to maintain the value of his property. His efforts to accomplish this may run in either of two separate directions. One is the attitude that a law – zoning or urban renewal planning – will preserve the relative status quo of businessmen and property owners within a community, at which point certain men may be quite well satisfied. They want nothing to disrupt their current set of circumstances; they are apprehensive of change because this means work to keep abreast of it. So anxious are they to preserve their present status that they fail to see the zoning action itself brings about an immobilization of full economic motivations. A subsequent decline in

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values can be expected. This attitude, then, is unreliable, producing the opposite effect desired. Similar to patent medicines and other forms of quackery, which cannot make the old young or the homely handsome, zoning and its latter-day kin, government urban renewal, are unable to solve land-use problems satisfactorily. They can only raise false hopes.

The second attitude is the recognition that real retention of economic values means maintaining the same relative position in a dynamic, moving market. One must swim to keep up with the economic stream. The "game" never ends. Tomorrow is a new day with new economic decisions based upon a satisfaction of tomorrow's wants. Acceptance of this attitude is the key to maintaining one's economic rank. And happily, the competitive road of freedom of choice leads toward the good and vibrant life, and away from economic senility.

Regardless of the logic and wisdom of the second attitude, we are lured by the promise of "protection" through zoning laws, not realizing the strong probability that zoning already has contributed substantially to the economic decline of cities. Then absurdity is added to absurdity as misdirected government adopts more error to cure the problem caused by its first error. The fallacy of zoning is surely the forerunner of its bigger evil, the fallacy of government urban renewal.

Zoning and owning are incompatible. Since the former is an interference with ownership, zoning at best is a "respectable" mid-twentieth century form of theft of an owner's right to own. Whenever the right to own is removed, restricted, or eroded in any manner, society declines toward a lower level of economic goods that is matched by a lower level of spiritual and moral values. ◈

IDEAS ON LIBERTY

Abolition of Private Property

THE DISTINGUISHING FEATURE of communism is not the abolition of property generally, but the abolition of bourgeois property. But modern bourgeois private property is the final and most complete expression of the system of producing and appropriating products, that is based on class antagonism, on the exploitation of the many by the few.

In this sense, the theory of the communists may be summed up in a single sentence: Abolition of private property.

KARL MARX, *Communist Manifesto* (1848)

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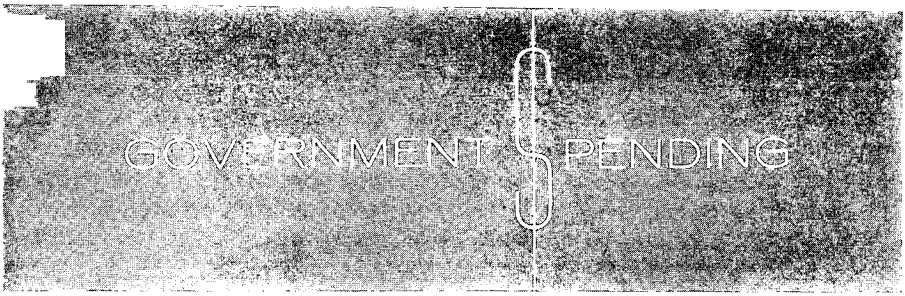

FROM PREDEPRESSION 1929 to prewar 1939 the expenditures on a national income account basis of federal, state, and local government increased from approximately $10.2 billion to $17.5 billion or by 72 per cent. In 1944 – the war year of peak expenditures – the expenditures totaled $103 billion of which $15 billion were for nondefense purposes. In 1963 the expenditures amounted to about $171 billion, the nondefense portion being $112 billion. From 1944 to 1963, there was thus a drop of $29 billion in defense expenditures and a rise of $97 billion for nondefense purposes. Of this latter increase about $50 billion is attributable to the federal government, the $47 billion balance being the increase in the expenditures of state and local governments.

The rise in government expenditures from 1929 to 1963 has been equivalent to approximately 8.6 per cent per annum compounded. If defense expenditures be omitted from the calculations, the percentage is still about 7.3 for the long period; and it is 8.2 per cent for the period since 1952. All of these percentages are more than double the 3.6 per cent long-term rate of increase in industrial production. It is therefore clear that the far greater increase in government cost must represent either the result of general inflation, or a relatively increasing burden of government, or both. It, in fact, does represent both. The imbedding of chronic inflation as a trend in the economy is an alarming omen. But the growth in the relative burden of government is of at least equal significance and merits some measurement.

To put government expenditures in perspective they may be compared with what the Department of Commerce periodically develops as "distributed earnings." These include wages and

From 1963 *Annual Report*, United States Steel Corporation.

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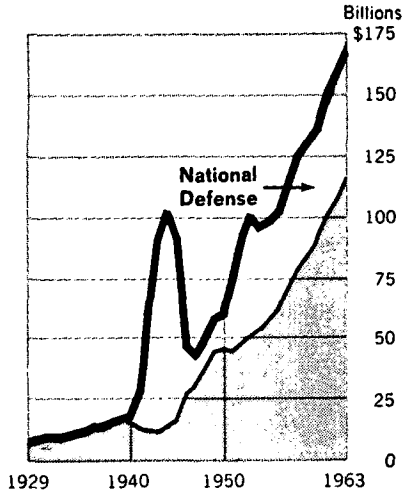
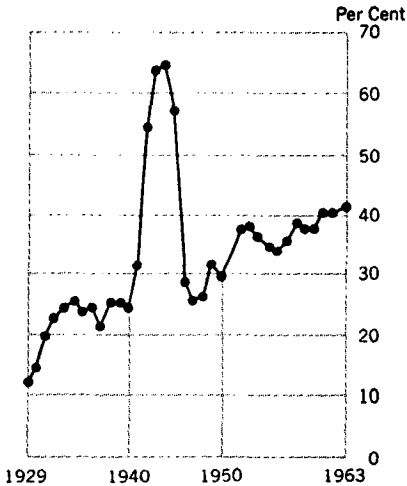


* Federal, state and local government expenditures, including benefits from social insurance funds, direct relief and other transfer payments, net interest paid and subsidies less current surplus of government enterprises; defense expenditures not available separately prior to 1939.

Source: U. S. Department of Commerce
Year 1963 data partly estimated



† Distributed earnings include wage and salary disbursements, other labor income, proprietors' income, rental income of persons, dividends, personal non-governmental interest income, less personal contributions for social insurance.

Source: U. S. Department of Commerce
Year 1963 data partly estimated

salary disbursements, other labor income, proprietors' income, rental income of persons, dividends, and personal nongovernmental interest income. For the given purpose this figure seems more appropriate than Gross National Product because the burden of government ultimately falls upon people and the earnings they receive through the productive processes of the nation.

In 1929 such distributed earnings amounted to about $83.1 billion and total government expenditures of $10.2 billion were equivalent to 12.3 per cent thereof. By prewar 1939 the percentage had risen to about 25. In 1944 – the year of peak war expenditure –

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the percentage was 65. In postwar 1947 the percentage fell back to 25. But it has since been rapidly rising, reaching 41 per cent in 1963 when distributed earnings reached about $418 billion compared with government expenditures of $171 billion.

The financing of the rising and enormous expenditures of government has called for a relative level of taxation seldom, if ever, equaled in other times or places. Yet even this level of taxation has not served fully to cover the expenditures, with the result that unbalanced federal budgets seem to be accepted as a normal basis of operation. The budget has been balanced in only six of the past thirty years. Yet, unbalanced budgets threaten inflation because under a nonredeemable paper money standard, the issuance and monetization of government debt is made easy. As a matter of fact in only four of the past thirty years have prices (consumer price index) failed to go up, the money supply per capita has been multiplied by more than five, and the buying power of the dollar has been more than cut in half. ◈

IDEAS ON LIBERTY

Stabilization Crisis

INFLATION, in its final stages, always ends in prostration, in what modern economists call a "stabilization crisis." The explanation of this stabilization crisis is not mysterious. During the inflation, prices do not respond in simple proportionality to the increase in the money supply. Some prices race beyond this, *anticipating* a further inflation. Even if the inflation is halted at some point and no deflation sets in – that is, even if the increased supply of money is merely locked where it is and not reduced – the stabilization crisis sets in because these anticipatory prices collapse. This stabilization crisis, like the drunkard's hangover, is part of the price that must be paid for every inflationary orgy.

HENRY HAZLITT, from the March 1959 Introduction to *Fiat Money Inflation in France* by Andrew Dickson White

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THE PERVERSION OF PLURALISM

SYLVESTER PETRO

THE KEY PROBLEM of man in society today is not individualism against collectivism, as it is so often said to be, but rather one of *volitional activity as against compelled action.* The problem of the individual and the group is in fact but a small part of this greater, more comprehensive one: coercion as against volition.

Man from his earliest origins has lived and progressed as a collective being. He has never lived the solitary life of the hermit. His life, to the degree that it has been rich and full, has been a life with his fellows, characterized by the most productive system of action that has ever been conceived, namely, the division of labor. Hence I conclude that the most fruitful area of investigation lies in the analysis *of man and his voluntary associations as against man and his compelled associations.*

Conflict and war permeate the international scene. On a smaller scale, too, conflict characterizes the affairs within all nations, including our own. The future of mankind hangs, as we have heard *ad nauseam,* in precarious balance. There are deep disagreements as to the causes of this condition, but I believe that the basic cause lies in the distortions that have occurred in the relationships between private associations and the state that are so characteristic of our time. My purpose here is to define a relationship between voluntary associations and the state which will transform this conflict and waste into peaceful order and productivity.

Of Bismarck, Gladstone once said, "He made Germany great and Germans small." And William Graham Sumner wrote, in 1899, "There is today scarcely an insti-

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tution in Germany except the army." Such are the results to be expected in any society in which the respective roles of private associations and the state are confused.

Freedom and Voluntary Association

Exercising the personal autonomy which prevails in a free society, men seek to fulfill themselves by forming and joining private associations, whenever group action seems more promising than individual action in attaining the ends they seek. The function of the state in respect to private association, precisely as in respect to individual action, is to prevent infringement of the rights of persons, if the society in which this state operates is to be a free one. When a state permits associations to make transgressions which are denied to individual persons – as has been done, for example, most notably with trade unions in our country – it delegates governmental power to such associations. When a state engages itself in creative and productive activities, it diminishes personal freedom and responsibility and thus weakens the character of society. Ultimately, the confusion of roles means the end of the free society and the disappearance of all genuinely private and voluntary associations – even those such as trade unions, which were at first benefited by special privileges. Nothing is more important to the future of free society, therefore, than to arrive at a satisfactory definition of the respective roles of voluntary associations and the state.

Let us start with some basic truths. The power and the wealth of any society manifestly depend upon the character and activity of its members. As persons grow – in intellectual, material, and scientific strength – the natural product is a society of great and diversified resources, capable of withstanding shocks and of overcoming obstacles which prove too much for societies of inferior development. The principal social institution involved is not the state. *The principal association or institution accountable for the progress of society is the voluntary association. For its mere existence is proof of its value.* Being voluntary, it could not survive if it failed to serve the purposes both of its members and of society.

Free men exercising their basic property right of freedom of contract naturally seek their fulfillments, spiritual and material, in forming and joining associations with men of similar mind and objectives. If any association fails to provide the expected fulfillment, men will abandon it in order to seek another method. This is the

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sense in which I say the existence of a voluntary association may be considered self-evident proof of its value; but only, I repeat, *if it is a genuinely voluntary association,* one exposed to the selective and improving rigors of competition.

Americans Are Joiners

The United States is often referred to as a "pluralistic" society. Properly understood, the designation is both accurate and significant. There are in the United States, I believe, almost as many voluntary associations as there are persons. Everyone belongs to at least one, and a great number belong to many. The word "joiner" is of American coinage. The long period of limited government here has created a tendency toward self-reliance, personal responsibility, and voluntary private association which even the last 25 years of statism have not vitiated. Although an ugly perversion of private associations is now becoming more evident, the country today remains incredibly, fantastically rich and diverse in its private associations of a genuinely voluntary character.

This wealth of variety is paralleled by the profusion within categories. The larger cities of this country are a maze of associations indescribable in their profusion. Many pages would be required to list only the religious groups which freedom of worship has produced. As disturbing as it may seem to those who are convinced that theirs is the true religion, it is not uncommon to see people shifting from one religious group to another within the same community, as well as when they move – as they frequently do –to different communities. The minister of a Methodist church, as I have observed, has almost as much competition to meet as the proprietor of a commercial establishment.

Competition and diversity reach a peak, however, in the commercial and industrial businesses of the country. With no exception, their membership is voluntary. With the exception of the relatively few which receive government subsidies and protection, and even including them in certain important senses, these commercial establishments must prove themselves in free markets if they are to survive. Their basic soundness, strength, and contribution to society is thus for the most part demonstrated also by their mere survival.

Of all private associations in the United States, trade unions have the most precarious and dubious claim to the designation "voluntary." They are not only the beneficiaries of special governmental privileges which make them bar-

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gaining representatives for people who do not want their representation, but their arrangements for eliminating competition among themselves are approved by government and – even more important than that – their violent methods are, to a considerable degree, tolerated by government.

The Duty of the State Toward Voluntary Association

In a free society, the state has but one duty to perform in respect to private voluntary association. That duty is precisely the same one which obtains in the case of individuals. It is the duty to restrain and to prevent transgressions upon the rights of persons. More particularly, the state has a duty to restrain associations from the use of force, fraud, and violence.

If you ask whence I derive this duty, I respond that these are simply the conditions necessary to human freedom. Moreover, if the free society presupposes that the same rules apply to all persons, it necessarily follows that the same rules must apply to all associations of persons. Personal freedom in society is violated if the members of a business association are restrained from the same kinds of honest and peaceful actions which are permitted to members of a labor association, or, for that matter, to members of a religious or any other kind of association. In the same way, conduct rightfully prohibited to one kind of group must be prohibited to all. Otherwise, the persons subject to a special burden are, to that degree, more properly characterized as slaves than as free men.

Nevertheless, business associations and labor associations, in our day, are subjected to substantially different rules in significant areas of similar action. Recently the executives of several electric firms received criminal penalties for engaging in price-fixing agreements. The penalties were imposed, notwithstanding the fact that the businesses involved had abandoned the agreement before the government began its prosecution and also in spite of the fact that the abandonment had begun long before the prosecution had been contemplated.

On the other hand, when the large unions of the United States combined to form one huge labor organization, and when all the members of this combination agreed to refrain from competing among themselves for members, the highest officials of the federal government, from the President down, sent them telegrams of congratulations. Far from being prosecuted for such a gigantic combination in restraint of competition,

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the union leaders were regarded as public heroes.

It is well understood, it is even boasted, that members of all unions participate in price-fixing agreements. All members, if they wish to remain members, and perhaps even if they wish to remain healthy, must agree to insist upon the same level of wages and working conditions. The price of labor is quantitatively the most influential price in any economy. In spite of all this, few governments in the Western world plan on prosecuting unions and their members for their price fixing, even though it is of so much more significance to society than the ephemeral price-fixing agreements for which businessmen are fined and sent to jail. On the contrary, governments not only wink at the same kind of conduct in unions which they repress among businessmen, but they also permit unions to enforce their price fixing by violent methods which businessmen simply do not use.

I do not believe that government may, consistent with the principles of personal freedom, prohibit voluntary price-fixing agreements among either businessmen or workers. However, those principles absolutely require the government to prevent both workers and businessmen from imposing their prices by force and violence. When governments fail in this task, they in effect grant governmental powers to the private price-fixing agencies. Those private agencies then do precisely what price control agencies of government do. That is, they impose, by brute force, a price. Physical violence is the sanction. Obviously, it is improper to speak of such a system as a coherent part of a free society.

Exclusive Bargaining Status

The federal government gives unions a number of other extremely damaging special privileges. Unions are permitted to engage in economically coercive activities which are denied to employers. Compulsory unionism agreements, picketing, and secondary boycotts, are examples. Far more important, both in fact and in principle, is the exclusive bargaining status which a union acquires when a bare majority of the employees in an appropriate bargaining unit select it as their representative.

Consider how this may work in a factory employing one thousand workers. If 350 of the workers strongly favor union representation, and if 340 strongly oppose unionization, with the remaining 310 indifferent – the 350 strong unionists are in a position to impose the union not only upon the 310 indifferent workers but upon

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the 340 anti-union workers as well.

If only the interested 690 vote, with 350 voting in favor of the union, it becomes the exclusive bargaining representative of all one thousand workers. This status precludes any of the workers in the union from bargaining with their employer directly or through a representative of their own choosing. Indeed, the individual workers and the employer can scarcely communicate on any matter involving terms and conditions of employment without violating the law. When one considers that the concept of personal freedom – so far as wage workers are concerned – is most meaningful in connection with their employment, the deprivation of personal freedom wrought by the exclusive bargaining principle assumes enormous quantitative dimensions. When one considers further that the status of slavery is distinguished from the status of freedom largely in respect to the employment relationship, the exclusive bargaining principle assumes extremely grave qualitative importance. The great English legal scholar, Sir Henry Maine, wrote in the nineteenth century one of the most productive and fertile generalizations I suppose that social science has produced – that the movement in progressive societies had theretofore been a movement from status to contract. The exclusive bargaining status of majority unions is quite clearly a movement in the opposite direction.

Government Involvement in Business Activity

The federal government has thus, on the one hand, been delegating to such private associations as trade unions, privileges of compulsion which, in a free society, only the state should have. On the other hand, it has itself been engaging in more and more of the creative and productive functions which are, again in a free society, the exclusive province of free men following their creative inclinations. The government is in the banking business, the retail business, the education business, the insurance business, the electric power business, the real estate business, and almost any other business one might imagine. Perhaps its most significant nongovernmental activity, however, is its preoccupation with giving away money to both citizens of the United States and other countries.

This pseudo-charity is in fact involved even in what I have called the "business activity" of the government. For in not a single instance does the government actually follow proper business practice – in regard to either its costs

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or prices or financing methods. Naturally, it is not to be expected that market controls will influence the more explicit subsidy programs.

Thus we observe government involved in a thorough-going confusion of roles. On the one side, conveying government powers to private associations, and, on the other, engaging itself in the kinds of conduct characteristic of individuals and private associations in a free country. There are those who find nothing anomalous and nothing dangerous in this confusion of roles. The fact is, however, that there is no greater anomaly in the political world and none which even approaches its perilous threat to the freedom and the productivity of society.

Freedom's Checks and Balances

There is no need to explain at great length the damage which is done to personal freedom by the confusion of roles which I have just described. When a trade union can force a man into union membership against his will, that man can no longer be called a truly free man. The same is true when a union can forcibly prevent a man from working at a wage different from the one the union insists upon. Finally, it is clear that no man is free when he is compelled to accept as his bargaining agent an organization which he has not himself chosen.

The consequences for general social freedom are less obvious. And least obvious of all is the damage to productivity which a state inflicts when it engages in creative, productive, and charitable activities. These require elaboration.

Consider the game of golf. In Westchester County, New York, there are many golf courses, all of which resemble each other in certain physical ways. There is a difference, however, which is quite substantial even though physically imperceptible. Some of these golf courses I must pay for, whether or not I use them – while others I pay for *only* if I use them. The former are those which people tend to speak of as public golf courses. That is, they are golf courses operated by persons employed by government and owned by no one. The latter are those operated by voluntary private associations, either as profit-making ventures or simply as nonprofit adjuncts of social organizations.

I do not play golf, and, therefore, do not use either the private or the public golf courses. I have no objection, nor any ground for objection, to the private golf courses in Westchester County. While I do not use them, and while I also have little use for the game of golf, I have no valid ground of

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objection to those who choose to direct their energy and resources into the maintenance of private golf courses. They cost me nothing; they are no skin off my back.

The same, of course, is not true of the public golf courses. Far from being "free," as public golf courses are sometimes said to be, they seem to me to be the most expensive golf courses in the world – so expensive that even nonusers must pay for them. Even more important, at least to me, they are very expensive to my liberty. I must, in effect, join them and support them, even though I not only do not use them, but even have an antipathy to the game of golf itself. My antipathy and my resentment are not lessened by the fact that golfers, as a rule, are financially able to pay their own way. And this fact suggests other, even more egregious, violations of my purse and of my liberty.

For governments in the United States do not stop with the providing of golf courses. Consider the marinas provided by some local governments, in which the rich keep their expensive boats. Governments also provide bowling alleys, amusement parks, wild life sanctuaries, electric power – a multitude of other goods and services.

Each of these is subject to the same analysis. Each constitutes a successful raid upon both my liberty and my purse. I find myself compelled to join and support them all. Each chips off more of my substance, more of my capacity to provide for me and mine the things which I wish to provide.

Each Wants His Share

The deadly peril to freedom and productivity which this process entails lies in the self-stimulating, servo-mechanism character of the machinery which it sets into motion.

For each time I must pay against my will for the enjoyment or the well-being of others, my capacity and my zeal for providing for my own needs and desires are lessened. In each case, without exception, the government takes from all to serve the special needs and desires of a few – so that *all* members of society are in the same position in which I have found myself. All are, therefore, similarly motivated to go themselves to government for aid and assistance, for government has the great and supreme power of compulsion and taxation. People feel they must go to the government to get back some of what they have involuntarily contributed to others.

This process is at work today on a prodigious scale. Voluntary associations, originally and prop-

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erly designed to aid individuals in the attainment of individual objectives – through their own efforts – are now in danger of being corrupted into lobbying and pressure groups vying with each other to despoil other taxpayers. It is not at all surprising that the most vehement lobbyists in the United States today are the trade unions and the public school teachers' organization – the National Education Association. Their appetites have been stimulated by what they have fed upon.

Where can this end but in the ultimate destruction of all personal freedom and responsibility? If government compulsion is acceptable in the case of golf courses, how can it be denied in regard to medical care? If medical care, why not food, clothing, and housing? These represent far more basic needs. And if the process continues, we shall be unable, as individuals, to provide these far more basic needs for ourselves. But if all these are provided by the state, the citizenry become diminished men. Perhaps America will be great, but certainly there will be few great Americans.

In a market economy, the producer of goods and services must serve the consumer if he wishes to stay in business; he cannot force his tastes upon unwilling customers. The market economy, therefore, is consistent with personal freedom for each member of society. But when the state is the supplier of goods and services it is under no obligation to serve the consumer, and, in consequence, there is no possibility of universal personal freedom.

Bureaucratic Procedures

I have yet to see a bureaucrat who is willing to submit to the selective and improving rigors of competition. For the state, as a provider of goods and services, will not subject itself to the will of the consumer. It will not because it need not, and perhaps cannot. It is able, indefinitely, to produce and supply things that people do not want. And because it retains the power to tax and to issue fiat money, the state need never worry as private business must ever do, about making a profit.

Political, rather than economic, considerations guide the decisions of politicians. And a political decision is different from an economic decision in regard both to its stimulus and its consequence. People, as Professor Mises has said, are infinitely wiser and better informed in their economic judgments than they are in their political judgments. Unable, however, to see that they pay for everything that government pro-

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vides, they constantly approve government expenditures because they feel that they only benefit from and do not pay for the services involved.

In addition to the violation of personal freedom which the provision of goods and services by government entails, great losses in productivity are the necessary consequence of the waste which is built into economic activity by government. In the absence of the market discipline and the functional checks which keep the businessman on the right track, it is impossible for governments to avoid wasting the community's substance when they try to engage in productive activity. An unfree, unproductive socialist society is a predictable consequence of government invasion into the sphere of action of voluntary association.

The same result must be expected when government permits private associations to exercise the powers of compulsion which the theory of a free society accords only to duly constituted political authority. For then the functional checks imposed by free, peaceful, competitive markets are withdrawn from their control upon the action of private persons and associations. If a union, for example, may violently prevent an employer and his workers from agreeing upon a wage that is lower than the union demands, the result is a monopolistic wage which abuses the public – not a competitive wage which *serves* the public.

Corruption and Disguised Anarchy

Corruption and disguised anarchy will characterize both the state and voluntary associations when they have confused their respective roles. While their services to society are of the highest order of importance when confined properly in accordance with the principles of the free society, private associations and the state become the worst and most vicious enemies of man's freedom when they confuse their nature and function. The result of such confusion is not really "society"; it is the war of all against all.

Consider the total situation of the advanced welfare state. It engages in every kind of activity known to mankind. It has millions of functionaries. In fact, every member of society becomes a functionary, each a despot in his own petty province. There is no market, no profit motive, no competition to keep the individual in line – to remind him that service to the consumer is the prime purpose of business. The maxim, "the customer is always right," could not possibly have been conceived in a welfare or socialist state, as Professor Mises has often pointed

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out. In the advanced welfare state, the petty bureaucrat will dispense favors in accordance with the emoluments offered by supplicants for his favor. The corruption associated with oriental despotism is what may be expected.

Some will say that political checks can keep down such abuses — but all experience and all reason are to the contrary. The purely political check — the popular vote — can be of no material consequence in an advanced welfare state. At best the mass of voters can be even minimally informed only on a few very broad issues. What a voter does in the ballot box cannot affect the civil servant ensconced behind a metal grill in the government bureau of shoe production.

To put up a building on Manhattan Island today requires the builder to grease the palm of at least 15 party bureaucrats, according to many estimates. The franchise on Manhattan has been universal for almost 200 years, but such corruption has proliferated, not diminished, in that time. As the activities of the welfare state multiply, the capacity of the citizen to keep watch upon the peccadilloes of bureaucrats diminishes in increasing ratio. I live in a welfare city of some 70,000 persons. Although I have special training in the affairs of law and government and a very keen interest in the subject, I find it impossible even to begin to be familiar with all the affairs, however suspicious, in which the local politicians daily engage. I know only that my local taxes are, for me, quite burdensome, while the so-called "services" they are supposed to provide decline in quantity and quality by the day.

"Power Tends To Corrupt"

When private associations are permitted to practice compulsion, the effect upon them will be similarly corruptive and disastrous. In this respect, the disclosures of the McClellan Committee, which I have recounted elsewhere in detail,* provide us with all the necessary documentary material. Not that such documentation is really necessary. It is only necessary to understand Lord Acton's statement: "Power tends to corrupt and absolute power corrupts absolutely." The rest follows inevitably.

Whoever is given the kind of power which government has given to trade union leaders will be corrupted. The national labor policy is based upon a desire to improve the condition of the average workingman. Yet the working-

*See *Power Unlimited: The Corruption of Union Leadership* (Ronald Press, 1959).

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man has been abused by unions far more viciously than he has ever been abused by any employer.

The McClellan Committee found that unions have frequently been guilty of physical violence in forcing men to become members, and, after they became members, to submit to the most degrading kinds of controls. Union leaders bought and sold their respective memberships. They regarded union treasuries, built exclusively by dues payments, and in large part by compulsory dues payments, as if those treasuries were their own pocket money, purchasing all kinds of personal luxuries as well as businesses whose profits they pocketed. If members objected to such treatment, they were brutally beaten or hounded out of the community. In combination with unscrupulous employers, drawn into business by their affinity for such jungle conditions, unions were guilty of the very kind of worker exploitation that the national labor policy set out to eliminate. From this development the language gained a new expression —"the sweetheart contract," the labor contract which provides gains only for union leaders, not for workingmen.

The Price of Resistance

The McClellan Committee found also that employers were frequently victimized by the powerful and corrupt union leaders which special privilege had created. Bold and courageous employers, such as the Kohler Company, have refused to give in to the violent, brutal techniques of union bullies. But the cost has been very high for both the employers and the workers who refuse to bow to the union thugs. Personal injuries, vandalism, degrading threats, costly interferences with production – these are the prices which must be paid by those who resist union aggression.

Understanding this, many employers have thought it best to deal with union leaders in the way that others deal with the petty governmental functionary who will not do his duty without special pay. These employers have "bought labor peace," as the saying goes. The method of payment is sometimes straightforward, but more often devious. Contributions are made to racketeering enterprises run by union thugs. Perhaps the union leader is given advance information about a financial undertaking of the employer on the basis of which substantial profit is easily made. In the case of one powerful union leader, subjugated employers paid tribute in the form of expensive memberships in a country club

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which they owned but which they never used.

Pluralism Perverted

Only the simple-minded will fail to realize that corruption of this kind constitutes a supreme and pervasive threat to the good society. It makes a mockery of personal freedom. It is morally degenerate. It wastes the economic substance of the community. Individuals are harmed in every possible way that harm can be done: permanent damage is done to the integrity and the dignity of the person. This being so, the social harm reaches gargantuan dimensions. When the state degenerates from the defender of personal freedom to the dispenser of special privilege, it carries with it into corruption the once proud and independent voluntary associations. It destroys the healthy, pluralistic society, the society in which multitudes of private and voluntary associations strive in a peaceful and competitive way to improve the positions of their members.

In the peaceful, uncorrupted society, voluntary associations seek improvement by enhancing their members' capacity to contribute to the welfare and well-being of the rest of society.

In the coercive society, the corrupted private association is also preoccupied with the self-interest of its members. But there is a difference. It practices extortion upon the rest of society.

Thus pluralism is perverted and excellence in productive performance is scorned in favor of perfection of the extortioner's art. The membership dues of private associations are not spent in order to improve productive capacity. They are spent instead in lobbying for special privilege. The great lobbyists in the United States today – the National Educational Association and the powerful trade unions – are unlike the older associations of businessmen who expended their efforts in Washington, D. C., mainly resisting destructive special-privilege legislation. The new lobbyists build marble castles and palaces in Washington, give parties for congressmen, make substantial political contributions, all in order to exact special privileges and subsidies.

The aim of these special-privilege private associations – the perversion of pluralism – is self-improvement, all right, but in a special sense: *special self-improvement at the expense of the rest of society.* Today it has become fashionable to regard such lobbying as a healthy manifestation of the pluralistic tradition. One writer has gone so far as to

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say that it is in the interest of society deliberately to build up the power of such organizations as the trade unions and the National Education Association. The welfare and security of society will be promoted, he says, by such an enhancement of the principle of "countervailing power." Nothing, in fact, could be more destructive than this distortion of the pluralistic conception. In the limited government society, where government gives no special privileges or subsidies, but confines itself to defending personal freedom and the right of private property, men will naturally form voluntary associations where group effort is more efficacious than solitary action. Voluntary associations do, then, indeed make prodigious contributions to the progress of mankind. They diversify, enrich, harmonize, and stabilize society. *In a regime of unlimited government, however, strong private associations expend their effort in a quest for special privilege and advantage.* Disguised anarchy, large-scale power structures, and chaos are the necessary long-run consequences.

Man's profound insistence upon social order can have but one result in such circumstances. Voluntary private associations must disappear and the fascinating prolixity of institutions in a free society must give way to the monolithic instrument of coerced order – the army or the secret police. The condition of Germany as described by Sumner in 1899 will then prevail once more.

The fundamental duty of the state in a free society, I repeat, is to prevent any person or group from infringing on the rights of others. Failing to perform this task – and our government is today failing to perform it – the modern state is guilty of the most profoundly damaging dereliction of duty. Instead of being the servant of the community, it becomes a co-conspirator against the community. Instead of waging unceasing war against the enemies of society, it joins with them in a league of mutual assistance against society.

Unions are a problem. But they are not our basic one. Somehow we must control the state so that the state works *for* society rather than against it. Until this is done, there can be no such thing as a fully productive society. Until this problem is solved, the concept of voluntary association must continue to wither, and the rich and healthy pluralistic society which America once knew must turn into a pale and flaccid mendicant. America will not be great, and Americans, most certainly, will be small. ◈

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WORLD OF INFLATION

HENRY HAZLITT

THE BILLION-DOLLAR line of credit just extended to Italy, chiefly by the United States, but with the help of a few European banks, is another dramatic illustration of the inflation epidemic now sweeping most countries in the world today, and of the intergovernmental cooperation that seems much more likely to prolong that inflation than to bring it to a halt.

The credit was extended, as dispatches put it, "to help Italy cope with a huge deficit in her balance of payments." But what caused this "deficit" was the Italian government's own inflation. Since 1958, Italy's official money supply has been increased 90 per cent. In addition, the government has encouraged a huge creation of private promissory notes, popularly known as "butterflies," that serve as a substitute for money. There is a budget deficit.

The inevitable long-run result of such policies is to raise internal prices in Italy above world levels. This tends to make Italy a poorer place to buy from and a better place to sell to. Hence it discourages exports and encourages imports. Hence it brings a "deficit" in the balance of payments and gives rise to fears concerning the stability of the lira.

It is instructive to notice that such consequences are brought about by the world monetary system set up at Bretton Woods in 1944 – the IMF (International Monetary Fund) system. They could not happen under an orthodox gold standard. The loss of gold from any country would force that country to reduce its outstanding currency and deposits to bring prices once more in equilibrium with those in the outside world. It could not happen even in a world of paper currencies with free exchange rates, because

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at the same time as prices rose in the inflating country its currency would fall correspondingly in the foreign-exchange market, and so restore its "balance of payments."

Prolonged and chronic deficits in the balance of payments, such as we have been witnessing over the last two decades, can occur only when one country inflates faster than its neighbors but still tries to peg its currency in the foreign-exchange market at a fixed ratio with other currencies. Then the discrepancy of prices in that country with prices elsewhere continues. Exports shrink, imports rise. The currency can be kept at the official parity only by huge currency swaps or borrowing from abroad.

Italian Example

Unless the U.S. government got the strictest guarantees out of the Italian government this billion-dollar credit was unwise. For the lira crisis could probably be halted overnight if the Italian government stopped inflation and sufficiently raised its discount rate. It is ironic that the principal rescuer, the U.S. government, has itself been suffering from a balance-of-payments crisis for six years and is taking no effective steps to halt the inflation that causes it.

The Italian crisis is merely the most recent. Two years ago it was Canada. A few years before that it was Britain. India is suffering from a huge balance-of-payments problem because it is trying to combine inflation and socialism with an overvalued rupee. Our Latin American neighbors have had payments crises whenever they failed to devalue enough to offset their internal inflations.

Of the original 44 currencies represented in the fund (in 1946) nearly all have been devalued (following the British action in September 1949), some of them several times. Most of the 89 currencies now in the fund have had checkered careers.

This is no accident. The whole purpose of the fund was to save countries from having to redeem their currencies in gold on demand. The whole purpose is to permit them to expand credit and currency continuously, through mutual "drawing rights," borrowing, and "central bank cooperation." The inflationary game can be kept going indefinitely (at the expense of the world's bondholders, savers, consumers) as long as this international expansion is *uniform*. Danger arises only when one country starts inflating faster than the rest, and then it must be propped up by the rest. World inflation will continue as long as we keep the IMF system. ◈

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NATURAL *Aristocracy*

LEONARD E. READ

THIS SCRIBE and his associates are voluntarily supported and financed to advance, by educational methods, an understanding of free exchange, private property, limited government principles. Without a first-rate rationale of the freedom philosophy, so runs our argument, these principles can be neither observed nor practiced. Is this not self-evident?

One might think, indeed, as we have thought, that our mission could best be served by teaching free market economics along with consistent governmental theory; that is, the disciplines which have to do with how *man* acts in response to given situations in society. But this, I am discovering, is not the whole story. Years of experience convince me that *man* cannot be taken as a constant; men, in fact, vastly differ. For example, a man lacking in high moral and spiritual standards can have the libertarian philosophy "down pat" in the realm of politics and economics. He can grade one hundred in any test and, nevertheless, throw the influence of his life behind collectivism! In such an instance we have nothing whatsoever to show for our educational pains.

For instance, I know of a top labor official who has learned and can explain the free enterprise philosophy as skillfully as anyone I have ever heard or read. But this man, weak in moral disciplines, disregards his knowledge for the sake of personal power. The rest of us would be as well off were he an economic illiterate.

The above observation is not to deprecate teachings in the social sciences; far from it! These teachings are a requisite to understanding. Yet, to pin our hopes for a good society on these teachings alone is but to delude ourselves. *What is the moral and spiritual character of the man who is learning?* This, we are dis-

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covering, is the real question; indeed, it is the first question to which a satisfactory answer must be found.

I feel that some such explanation as the above is a necessary preface to the following discussion which probes into an area that is usually left unexplored by individuals supported to carry on a program of economic education. But if our studies and reflections reveal that economic education, important as it is, cannot, by itself, solve our problem, then, it follows, we are duty-bound to report our findings. I have come to see the need, yes, the necessity, of what Jefferson called "a natural aristocracy among men, founded on virtue and talents." Without this, so will run my argument, economic expertness or sound organizational theories of society will avail us nothing.

An Unrecognized Need

It is all too apparent that the need for a natural aristocracy is not generally recognized, and unless the need is deeply felt, we shall never call forth this aristocracy. Why is the need not felt? The reason is important: it may be that most of us are unaware of the relatively undeveloped state in which we as humans now exist. Our unawareness, such as it is, may stem from a failure to put ourselves in proper long-range perspective. In no small measure this would seem to account for a great deal of unwarranted self-esteem, for thinking of ourselves as the ultimate in perfection, for our egocentricity. Our natural tendency is to regard the universe as something which revolves around each little "me."

No person in such a state of self-satisfaction is in any shape to recognize his incompleteness, let alone to improve, to emerge, to continue the hatching process, to soar into what Jefferson meant by a natural aristocracy. A person who regards himself as a completed specimen of humanity can hardly acquire more virtue and talents. If a natural aristocracy is a requirement, then it follows that most of us need a keener appreciation of our present situation relative to where we as humans once were, and relative to what humanity might become.

A Speck in Space

A slight beginning toward an improved perspective might be gained by comparing the time span of what we call humanity with the time span of that infinitesimal speck in the universe we call earth. For instance, let a 10,000-foot jet runway represent the time span of this planet — perhaps 2,500,000,000 years.

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Man, so some scientists contend, emerged from the herd of his animal cousins something like 50,000 years ago, less than the last two inches of the 10,000-foot runway! Man, it seems, is no more than a Johnny-come-lately![1]

In what condition did these relatively recent ancestors of ours find themselves? The late Cassius Jackson Keyser, mathematician-philosopher of Columbia University, answered the question in this manner:

> Long ages ago there appeared upon this planet – no matter how – the first specimens of our human kind. What was their condition? It requires some exercise of the imagination to realize keenly what it must have been. Of knowledge, in the sense in which we humans now use the term, they had none – no science, no philosophy, no art, no religion; they did not know what they were nor where they were; they knew nothing of the past, for they had no history, not even tradition; they could not foretell the future, for they had no knowledge of natural law; they had no capital – no material or spiritual wealth – no inheritance, that is, from the time and toil of bygone generations; they were without tools, without precedents, without guiding maxims, without speech, without any light of human experience; their ignorance, as we understand the term, was almost absolute.[2]

Where We Are on the Yardstick of Human Destiny

The above would seem to be a fair picture of where we were only a few moments ago in long-range time. But where are we now in relation to our destiny? Using human destiny as a yardstick, we have barely moved. Again, according to the scientists, most species require a million years to develop. Should this rule of nature apply to humans, then we have 95 per cent of the way yet to go – an occasion for humility as well as hope.

Of course, it is absurd to believe that human beings will upgrade more evenly in the coming eons than in the past 50,000 years. Every species including the human species, has its throwbacks and its great masses of mediocrity. But, encouragingly, the record is punctuated with numerous oversouls, "the spirit which inspires and motivates all living things." While many among us show little if any advancement over the original specimens, there have been and are a few who, in

[1] For a dramatic demonstration of the earth's infinitesimal place in the cosmos, see the drawings of Helmut Wimmer in the April 1959 issue of *Natural History*, or the book, *Cosmic View*, by Kees Boeke, published by the John Day Company in 1957.

[2] A. Korzybski, *Manhood of Humanity*. 2nd ed. (Lakeville: Institute of General Semantics, 1950), p. 295.

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some respects, serve as lodestars, as guiding ideals, as models of excellence, as exemplars of the human potential, and thus qualify for what is meant by a natural aristocracy. Further, if the human species makes the grade, instead of falling by the wayside, the unevenness we have noted – the mass of mediocrities and the few oversouls – probably will continue throughout the millennia of man's hoped-for emergence in consciousness, awareness, perception, reason; in man's power to choose and to accomplish what he wills.

The careful observer can hardly help noting certain "breakthroughs" which demonstrate the potential in mankind. Reflect on Jesus of Nazareth. Bear in mind such high specimens of humanness as Hammurabi, Ikhnaton, Ashoka, Guatama Buddha, Laotse, Confucius, Moses, Socrates, and, a moment closer to our own time, Beethoven, Milton, Leonardo da Vinci, Goethe, Rembrandt, and so on. Edison, Pasteur, Poincare, Einstein have, in their ways, soared above most of us and given us light.[3] The performances of these uncommon and remarkable persons are but prophecies of what potentially is within the reach of our species.

Whether or not our species will move on toward its destiny or, more to the immediate point, whether or not we, the living, and our children will be able to play our role in and benefit from a human emergence, would seem to depend on what elements in the population predominate. Will those who are failures in the evolutionary process rise to political power, forming an inhibiting kakistocracy, that is, a government by the worst men, thus retarding or destroying the process? Or will our course be determined by a natural aristocracy founded on virtue and talents? We, in our times, may well be living in one of the great moments of decision.

The Worst Get to the Top

One thing seems crystal clear: The worst elements in each one of us will predominate in any moment of time when the aristocratic spirit is not "in the pink of condition"; the slightest letdown in its moral, intellectual, and spiritual virility must inevitably witness disaster. This is true in nature: the weeds, pests, fungi, viruses, parasites take over whenever their natural enemies experience a letdown. Virtue and talents, the natural enemies of ignorance, knavery, foolishness,

[3] I am indebted for much of the above to "The Coming World of Man" by J. Samuel Bois, appearing in the May-June 1963 issue of *Main Currents of Modern Thought*, 235 East 50th Street, New York 22, New York.

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malevolence, must be perpetually flowering to hold these evils in check. This is to suggest that our species will not make the grade in the absence of those emerged spirits which inspire and motivate the human race toward its evolutionary destiny.

Conceding the need for a natural aristocracy is one thing, perhaps a first step in right thinking. But more is required than the mere repetition of the virtue and talents of those who have gone before us. If nothing more than carbon copies were required, it then follows that we of our generation would exhibit no improvement over the first specimens of the human kind. We would be in need of no language, no knowledge; our absolute ignorance would be adequate. No, the human situation is not meant to be a static situation; it has no stopping place, no "this is it!" Instead, it is a dynamic process, the essential requirement of which is perpetual hatching in virtue and talents, an eternal improvement in consciousness, awareness, perceptivity.

Human Consciousness

No doubt the scientists are correct in claiming that most species take a million years to develop. Humanness, however, is geared not to the finite but to the Infinite and thus, I believe, what applies to other species does not necessarily apply to man. True, man cannot conceive of infinity, even in the case of time or space. But man can become aware of infinity by the simple acknowledgment that he cannot comprehend finite time or space – a point in time or space beyond which there is no more time or space. By the same token, man cannot conceive of infinite consciousness, *consciousness being the singular, distinguishing characteristic of humanness,* but he can become aware of it by admitting that he cannot visualize a point in consciousness beyond which there could be no more consciousness.

The human situation, it seems, by reason of this peculiar quality of consciousness, is linked to eternity; its design includes no point of retirement; it admits of no Shangri-La implications whatsoever; perpetual struggle and the overcoming of endless confrontations is of its essence. This, however, is not to deny that individuals are free to retire, to resign from the climb, to get out of life, to surrender self-responsibility, to think short-range, to "live it up" here and now; they can and do exercise their freedom in this respect, and on the grand scale! And these who acquire so little of that which is distinctly

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human are assuredly among the many who can and will take over in the absence of a first-rate aristocracy.

It may be that a purpose is served by these drop-outs from the struggle, among whom are numbered many of the famous, the wealthy, the "educated," and "leaders" in business, church, and state, along with the masses of the nondescript. It is the threat of their take-over, the danger of their dominance of the human situation, that triggers the aristocratic spirit into existence. Their actions bring on reactions; their devolution is the genesis of evolution; these agents of disaster are meant to create an anti-agency of survival. Without them, the evolutionary process would cease; for man cannot *become* except as he *overcomes*. A strong position rests on strong opposition.[4] At work here is the tension of the opposites or the law of polarity. In short, the unfortunate quitters serve as springboards to those who pioneer progress.

Emerging Creativity in Man

If every action has its reaction, as observation affirms, some people will conclude that we then have nothing to fret about; in other words, let nature take its course while we spin our own little webs. What is overlooked in such a conclusion is that the human situation is peculiarly distinguished by consciousness, a quality not found in other life forms. And as consciousness emerges, there comes with it a responsibility to share in the creative process. An expansion of the individual's consciousness toward a harmony with Infinite Consciousness demands of the individual that he take on, commensurately, other characteristics of his Creator. It is absurd to believe that there can be any growth in that direction without a corresponding emergence of creativity in man.

True, every action has a reaction but, unless there is a conscious effort – unnatural effort or, better yet, above the natural – to exercise the new creativity born of added consciousness, the reaction to the dominance of ignorance, knavery, and foolishness will take only the form of displeasure, hate, vengeance, cynicism, satire, political bickering, snobbery, name-calling. Clearly, there is no emergent power in this type of reaction, none whatsoever. No natural aristocracy can be born of this. Such reactions are at the same low level as the ignorant,

[4] "Compensation" is the word Emerson used. This enlightening essay, together with "Self-Reliance," is available in hard cover for $1.00 from Fleming H. Revell Company, Westwood, New Jersey.

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knavish, foolish actions. And, with nothing more than this, ignorance, knavery, foolishness will continue to dominate society.

To summarize the foregoing: It is my belief that those qualities of character which have sufficed to bring progress in the past will prove inadequate from here on; indeed, the mere duplication of past virtue and talents will not stand us in good stead right now. We need, at this juncture in man's emergence, a natural aristocracy of higher quality than has heretofore existed. Looking at the human situation with an evolutionary perspective allows of no other conclusion! Thus, membership in the natural aristocracy must be more distinguished than ever before, this being a necessary condition to human emergence, in fact, even survival.

Not Men, but Ideas

If the above observations are valid, it follows that the establishment of a natural aristocracy should be our prime objective; the teaching of economics or other disciplines of the social sciences can be meaningful only if individuals of virtue and talents are presupposed. What, then, are the qualifications for membership?

Unless careful, we are likely to think of membership in the natural aristocracy as consisting of a set of persons, for such, indeed, has been the case in various so-called aristocracies, composed, as they have been, of privileged minorities possessed of great wealth or social position. Aristocracy, in common usage, has been correctly interpreted as consisting of persons of a certain lineage or legal standing.

But the natural aristocracy, such as we have in mind, is even more exclusive; its membership is distinguished by manifested virtue and talents. It is not based on law or a given parentage; it must be regarded as more than an order of persons because there is no individual who is absolutely virtuous and talented, nor anyone wholly lacking some virtue and talents.

Now and then there is a person who manifests extraordinary virtue and talents, relative, at any rate, to the rest of us. Observing this, we are led into the error of following a fallible individual rather than emulating his virtue and talents which are the bench marks of a natural aristocracy. The error is serious. To become a Confucius or a Goethe is impossible, but the virtue of the one and the talents of the other are to some degree attainable and, perhaps by a few, surpassable.

How, then, is the individual to seek identification with the nat-

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ural aristocracy among men? Strict instruction, I am certain, would deny to anyone the privilege of saying, "I am now a member of the natural aristocracy." Glory and fame for the man would not be permissible, only glory and fame for the virtue and talents — the characteristics rather than the characters!

The person himself, insofar as he might have any association with this type of aristocracy, would be now in and now out, as virtue and talents were showing forth through him or being obscured. Perhaps we could say that no individual would have any identification with the aristocracy whatsoever except during those moments when he might be in an improving state. In this state — such would be the concentration — he would not be aware himself of his own status. Indeed, any feeling of what-a-good-boy-am-I would be a sure sign of exclusion from the aristocracy.

An Aristocratic Spirit

A natural aristocracy, then, does not consist of "aristocrats" as commonly interpreted but, instead, is an aristocratic spirit which can show forth or manifest itself in any serious and determined person. What persons? Hanford Henderson answered the question in this manner:

> He may be a day laborer, an artisan, a shopkeeper, a professional man, a writer, a statesman. It is not a matter of birth, or occupation, or education. It is an attitude of mind carried into daily action, that is to say, a religion. It [the aristocratic spirit] is the disinterested, passionate love of excellence . . . everywhere and in everything; the aristocrat, to deserve the name, must love it in himself, in his own alert mind, in his own illuminated spirit, and he must love it in others; must love it in all human relations and occupations and activities; in all things in earth or sea or sky.[5]

Henderson's statement pretty well stakes out the dimensions of the aristocratic spirit, in essence, the love of excellence which, of course, includes the love of righteousness. And by "disinterested" Henderson meant that this attitude of mind should be for its own sake, without any thought of reward in the here or the hereafter.

The love of excellence for its own sake! This is the attitude of mind, when acquired, which witnesses man's sharing in Creation. He becomes, in a sense, his own man.

Indeed, the man who acquires the aristocratic spirit will, quite

[5] Excerpted from an article by Hanford Henderson entitled "The Aristocratic Spirit" which appeared as a reprint in *The North American Review*, March 1920.

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naturally, have the same view of economics as does Henry Hazlitt:

> The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups.

The man with the aristocratic spirit will, along with Immanuel Kant, consider a maxim as good only if the principle of universality can rationally be applied to it;[6] he will no more be guided by the fear of opprobrium on the part of his fallible fellows than he will by the desire for their approbation. He acts, thinks, and lives in long-range or eternal terms, for he has linked himself with eternity by his love of and devotion to excellence.

Imagine, if we can, the enormous difference between the thoughts and actions of laborers, artisans, shopkeepers, professional men, writers, statesmen, as we commonly observe them, and the thoughts and actions of these self-same people were they imbued with the aristocratic spirit![7]

My own conclusion is that the ups and downs in society are guided by the rise and fall of the aristocratic spirit. It is utter folly to hope for social felicity when this spirit is in the doldrums, and no maneuver less than bringing it to "the pink of condition" will matter one whit. The good society, with its open opportunity for individual development, is a dividend we receive when virtue and talents are flowering, when the love of excellence and righteousness rides high. ◈

[6] If one can rationally concede that every person on earth (universality) has the right to his life, his livelihood, his liberty, then, according to Kant, the maxim is good.

[7] I have not meant to suggest in any of the foregoing that the aristocratic spirit is to be found in institutions (groups, societies, governments, churches, and the like) rather than in man. The spirit manifests itself only through individuals, though perhaps not continuously through any one person.

IDEAS ON LIBERTY

Evolution

THE ADVANTAGE of the competitive capitalistic system is that no device or method lasts long when something better is offered.

WILLIAM FEATHER, *The William Feather Magazine*, January, 1964

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Equality — WHICH KIND?

EDMUND A. OPITZ

THE EIGHTEENTH century writers, seeking to set forth the features of a system of liberty, confronted a European society stratified into orders of rank, caste, and privilege. At the top was royalty and the aristocracy; at the bottom, peasants and serfs. In between were the independent yeomen, the artisans, merchants, and those born to serve. The stratification was not as rigid as, say, Indian society, but it was a society of status where people were locked into their station in life generation after generation. This inequitable social arrangement was reinforced by a set of taboos and, when need be, was enforced by the police power.

The liberating movement of the Enlightenment challenged this monolith with an idea, the idea of equality. Adam Smith, in his *Wealth of Nations*, elaborated on what he called "the liberal plan of equality, liberty, and justice." On this continent, the writers of our Declaration believed it axiomatic that "all men are created equal." Not "*are* equal," not "*born* equal," but "*created* equal." The created part of a man was his soul – in terms of the metaphysics of the period – and the souls of all men were precious in God's sight whatever the individual's outer circumstances. Equality before the law appeared to follow from this premise – the idea of one law alike for all men because all men were one in their essential humanness. But right there the likeness ceased; men were different and unequal in every other way. Equality before the law is political liberty viewed from a different perspective; it is also justice, being a regime under which no man and no order of men are granted a political license issued by the state to use other men as their tools or have any other legal advantage over them.

This "liberal plan of equality, liberty, and justice" was central to classical Liberalism. It was never applied one hundred per cent, but what was the result of

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a partial application of this idea? The results of abolishing political privilege in Europe and organizing a no-privilege society were so beneficial that even the enemies of liberty pay tribute. R. H. Tawney was one of the most gifted of the English Fabians, an ardent socialist and redistributionist, but honest enough to give the devil his due. He writes:

> With the abolition of restrictions on freedom of movement, on the choice of occupations, and on the use of land and capital, imprisoned energies were released from the narrow walls of manor and guild and corporate town, from the downward pressure of class status, and from the heavy hand of authoritarian governments, to unite in new forms of association, and by means of them to raise the towering structure of industrial civilization. It was not only in the stimulus which it supplied to the mobilization of economic power that the movement which leveled legal privilege revealed its magic. Its effect as an agent of social emancipation was not less profound. Few principles have so splendid a record of humanitarian achievement. . . . Slavery and serfdom had survived the exhortations of the Christian Church, the reforms of enlightened despots, and the protests of humanitarian philosophers from Seneca to Voltaire. Before the new spirit, and the practical exigencies of which it was the expression, they disappeared, except from dark backwaters, in three generations. . . . It turned [the peasant] from a beast of burden into a human being. It determined that, when science should be invoked to increase the output of the soil, its cultivator, not an absentee owner, should reap the fruits. The principle which released him he described as equality, the destruction of privilege, democracy, the victory of plain people. . . . [It was] the end of institutions which had made rich men tyrants and poor men slaves.[1]

Century of Emancipation

Walter Lippmann in 1937 looked back at the nineteenth century and called it "the great century of human emancipation. In that period," he continued, "chattel slavery and serfdom, the subjection of women, the patriarchal domination of children, caste and legalized class privileges, the exploitation of backward peoples, autocracy in government, the disfranchisement of the masses and their compulsory illiteracy, official intolerance and legalized bigotry, were outlawed in the human conscience, and in a very substantial degree they were abolished in fact."[2]

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[1] R. H. Tawney, *Equality* (New York: Harcourt, Brace & Co., 1931), pp. 119, 120, 121.

[2] Walter Lippmann, *The Good Society* (Boston: Little, Brown & Co., 1937), pp. 192-3.

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It is a peculiar thing about social evils that in their grossest forms they may last for centuries and be accepted as part of fate, rather than as curable evils. But when circumstances improve to a certain degree, that is to say, when people move up a notch or two out of poverty, filth, degradation, and disease, and the means of further improvement are in sight, then circumstances come to seem intolerable. Men refuse to credit "the liberal plan of equality, justice, and liberty" for such improvements as they enjoy; they condemn it for not having completed their liberation! It is as if a totally paralyzed person undertook a treatment which restored his powers except for one limb, and instead of praising the treatment for what it accomplished, blamed it for his game leg.

The system of political liberty —limited government and the free market — aimed at equality before the law and necessarily resulted in inequalities in material goods. Everybody was levered above the subsistence level, and many went from rags to riches. But nearly everyone thought he deserved better. In this new dispensation economic inequalities came to be regarded as the intolerable bane of modern life, which it is the function of government to overcome. The result has been that the political slogans of the twentieth century have played variations on the theme of soak the rich and subsidize the poor. Present-day politics is based on the redistributionist principle: Taxes for all, subsidies for the few. Its purpose is to elevate the low income groups by depressing the wealthy. This social leveling is supposed to bring about economic equality — or as close an approximation thereto as is practical.

Concentration of Power

Economic inequalities cannot be overcome by political means without establishing political inequalities. Every form of political redistributionism widens power differentials in society; every form of socialism concentrates power over the life and livelihood of the many in the hands of a few. The principle of equality before the law is discarded and, as in the George Orwell satire, some men become more equal than others. We head back toward the Old Regime.

But things will not stop here; forces have been set in motion and their momentum will carry us beyond where their instigators would want to stop. The first stage was political equality with the consequent economic inequalities.

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The second stage was the deliberate designing of political inequalities in order to bring about economic equality. At this point one might think pragmatically and regard the situation merely as a choice between two ideas of equality – political equality or economic equality, each with its necessary accompanying inequalities. People in our time have accepted political inequality and the enhancement of power differentials in society because they believe that this power, under popular sovereignty, would reduce economic inequalities. But power obeys its own laws, and one of its basic laws – exemplified by political power wherever it has existed and whatever form it assumes – is to use political power to enhance the economic well-being of officeholders and their friends, at the expense of the rest of the nation. Albert Jay Nock designated this perversion of government as The State, a two-headed monster comprising (a) those who wield political power, and (b) their friends who derive economic advantage from its exercise. "Votes and taxes for all; subsidies for us and our friends." Every government tends to create the means of its own support. The court at Versailles was the symbol of this under the Old Regime; the symbol in our time is a deep freeze, a vicuña coat, a television set, the relief racket, or what have you.

But these things merely scratch the surface. A hundred billion tax dollars are siphoned into Washington annually, and every dollar of it spent by the government creates a vested interest in the continuance of the spending program. The result is a malinvestment and a maldistribution of wealth, and an aggravation of economic and political problems. Political inequalities introduce class divisions into society, and the resulting economic inequalities become sharper as they cease to reflect the rendering of goods and services in willing exchange.

A generation and a half ago H. G. Wells observed sadly that things will get worse before they start getting better. Well, they've gotten worse! ◈

IDEAS ON LIBERTY

Twilight

WHEN little men cast shadows, it
is a sign that the sun is setting.

WALTER SAVAGE LANDOR

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THE AMERICAN TRADITION

15. Building Upon the Tradition

CLARENCE B. CARSON

THUS FAR, I have touched but lightly upon changing circumstances in American history. Yet this point is the cornerstone of the "liberal" position. "Liberals" usually maintain something like this: Conditions have changed greatly since the time of the founding of the United States. America was largely an agricultural land then; now it is an industrial one. Technological innovations have been the means for changing the character of America. The mass media of communication, the developments in transportation, mass production and automation, the tremendous increase in industrial and white collar workers, have transformed the country. The position of America in relation to other countries has been radically altered. Once the ocean was a great barrier to travel between Europe and America; now it can be spanned in a few hours. The military exigencies of a world drawn close together by developments in transportation and communication and threatened by atomic bombs are much more pressing than those of the past. The number of people in America has vastly increased, and the way of life of Americans has undergone momentous changes.

From a cataloguing of these and other changes, the "liberal" (and, for that matter, almost all intellectuals and opinion makers) goes on to conclude certain things about American society and in-

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Illustration: National Archives

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stitutions. Not many years ago, reformers were arguing that the Constitution was all well and good for an agricultural society, but an industrial society requires vastly expanded governmental activity. County and other local units of government may have served very well for rural communities, but in the day of urban complexes they are outmoded. More "advanced" thinkers have argued that the separation of powers is positively dangerous in these days of split-second decisions. In short, they ascribe the alteration and discarding of the American tradition (without so denominating what they are talking about) to the pressure of changing circumstances.

Changes certainly have occurred since the time of the adoption of the Constitution. Certainly, some of these changes have bearing for the American tradition. On the surface, at least, it is doubtful that there has been another period of such rapid change to match that of the last 175 years.

The Meaning of Change

But the significance of any given change is not usually self-evident. Before changes result in altered institutions, they are winnowed through the minds of men; they are interpreted. From these interpretations come our understanding of the meaning of new conditions. In the nineteenth century, it was customary for thinkers to develop philosophies of history, i.e., comprehensive and all-embracing interpretations of change, how it came about, where it was headed, and what it signified at the time. G. W. F. Hegel constructed perhaps the most famous of these. Sometimes a philosophy of history was the centerpiece of an ideology. This was and is so in the case of Marxism. Philosophies of history, however, have fallen into disrepute in the twentieth century, along with philosophies of almost everything else. Most American historians today imagine that they make do with *ad hoc* interpretations, if they make any at all.

In fact, however, an *ad hoc* interpretation of history is almost as unsatisfactory as an *ad hoc* religion, and just about as unlikely. Let it be noted that there are many scholars today who gather their facts and arrange them in chronicles, interpreting only very narrowly, if at all. In such cases, they may well have dispensed with any philosophy of history. But before historical studies can be brought to bear upon social change, they must be interpreted by someone. Before an interpretation can have the coherence and consistency to sup-

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port or advance social programs, it must have a philosophical or ideological framework. Many historians have *not* ceased to interpret American history, and these interpretations *do* say something about social change. It follows, then, that they must be based upon either implicit or explicit philosophies or ideologies.

An examination of the histories that are reckoned to have been important for social change would show that this has been the case. The works of such men as Frederick J. Turner, Charles A. Beard, and Vernon L. Parrington are filled with formulations drawn from philosophy or ideology. These works, and those popularizations which drew their sustenance from them, certainly did support and advance social change in certain directions.

Deliberate Misconstruction

My point is that the prevalent notions of the significance of change are not drawn simply from changes themselves, nor from histories of them. That governments must grow larger and larger, that industry must be ever more minutely regulated, that more and more activities must be done by collective compulsion, is the product of interpretation, not raw circumstances. The belief that the American tradition is outmoded belongs in the same category. In short, Americans have departed from their tradition and headed in new directions because some men have wanted to change America, or because they believed on the basis of untested assumptions that America must change. Circumstances do not tell us what to do; they are only mute conditions within which we operate.

Circumstances certainly have changed. The context of our lives has been altered by skyscrapers, atomic bombs, automobiles, jet airplanes, computers, and communists. But none of these, nor any others that could be named, have told us to change our goals or our ideals. Some of these may have made life more sweet, but none of them has made liberty less desirable. Independence and morality were not changed in the scale of human values by circumstances. The passage of time has not made politicians less likely to resort to oppression, and the invention of the jet airplane did not make it desirable to yield up national independence. The American tradition *is* outmoded if we want to use the government to look after the intimate needs of the population. It is *not* outmoded for those who still value liberty and independence.

The belief that changed circumstances have altered the direction

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of America is shielded from exposure and refutation by the failure to distinguish between the ephemeral and the enduring. Some things indubitably change, and will continue to change from time to time. Nations grow stronger or become weaker, and the power situation changes in the world. New tools for producing goods replace old ones, and men change their methods of producing the goods, though many of the products are as old as civilization. Beliefs, ideas, and values have been known to change from one time to another.

Some Values Endure

Other things endure and remain, unchanged so far as we can tell. So far as we can make out, man has a nature that is little altered, if at all, by the passage of millennia. All men are mortal, and all the medical advances have not made a dent in this fact of existence. Man lives his life against a stop watch, as it were. If his life is to have meaning, it must be gained in limited time. Men still eat food, sleep for a number of hours each day, get a sense of well-being from activity, take pleasure in the simple things of life – the smell of coffee brewing, the joy in the arrival of friends, the stimulation of conversation, the sense of achievement in a job well done – if they have not been entirely corrupted. Men are still torn between good and evil, as they have been so long as we have records of them, self-seeking on the one hand, and selfless on the other. The garments by which he shields both his physical and inner self from the world change, but the man remains much the same as he ever was.

Nor is there any evidence that the laws which govern the universe change. True, we may view them from different perspectives, gain new insights and lose sight of old ones, but the laws of gravity, of flight, of inertia, of human relations, of supply and demand, still operate. Jet flight may depend upon newly discovered principles, but older principles were not proved wrong by them. Theology and philosophy may be thrust aside, but there are no new discoveries which disprove the belief that this universe is sustained by an underlying metaphysical realm. Individual liberty is still the area within which the individual can operate free from restraint. Discoveries, developments, inventions, innovations, trends do not alter the fundamental and enduring character of reality, though they may hide us, temporarily, from it.

Let us assume that many Americans are still devoted to their tra-

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ditions, that they have not knowingly consented to the departures from them, that they still value liberty, that they cherish national independence, that they are concerned to preserve the moral dimensions of life by allowing for choice, that they believe in private rights and individual responsibility. Let it be agreed that much endures, and that which does is the most important for human life, beneath the surface of the most drastic changes. When there is agreement on these things, it is possible to go on to the meaning of change for the American tradition.

Laws Build Obstacles

The fact of changing circumstances bears upon the traditions in these ways: First, it means that habits, customs, and ways of doing things should be alterable in order for people to deal effectively with new developments and conditions. The most formidable obstacles to such flexibility are the legalizing and institutionalizing of patterns of behavior. Governments are almost always the villains of this piece. This is so in part, for America anyhow, because governments are supposed to act by law. Thus, in any undertaking overseen by government, there will be numerous rules and regulations which have the force if not the form of law. Those who enforce the rules, those who live by them, become attached to them; and because government action is usually slow and apt to be circumvented, rules which were conceived as temporary expedients tend to become rigid and fixed.

Bureaucracies have long been notorious for their inflexibility. But any positive government action usually results in the construction of some rigidity. A good case in point is the railway labor unions. They were permitted to and supported by the United States government in drawing up and enforcing rigid work rules. New locomotives, new safety devices, new types of freight cars were introduced, but the unions clung to the established rules. It is not that private undertakings cannot tend to inflexibility also; the difference is that the consequences are much more immediately visited upon the inflexible in private affairs.

If changes are to be dealt with effectively, flexibly, and creatively, governments should be severely limited in the number of things that they do. I am aware that Americans have attempted to introduce flexibility in government by giving discretionary powers to boards, commissions, and government agents, but this has succeeded in making government action arbitrary and authoritarian

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without notably improving flexibility. It would appear, again, that individual freedom and responsibility are the best means for assuring adjustability to changing circumstances.

Second, the passage of time has provided us with experience with our institutional framework of liberty. The bent of some men to oppress others has not changed, but they have found ways over the years to usurp power and use innocent instrumentalities for oppressive purposes. To be more plain, certain shortcomings and weaknesses in the Constitution are now apparent. A Constitution which was conceived to limit the government it created is being circumvented. Analysis shows some of the particular ways this has been done.

The "General Welfare" Clause

Two innocent phrases in the original Constitution have been employed for the vast extension of the powers of the central government. One of these is the reference to the "general welfare." The phrase appears both in the Preamble and the body of the Constitution. We know with certainty that it was not interpreted at the time as a grant of power. If it had been, the Constitution would not have been adopted. It is quite possible that it was intended to *limit* governmental action. General welfare can be conceived as the welfare of everyone; and if legislation has to benefit every individual, there will not be very much of it. It was also a rhetorical device; its use suggested that the government was to be for everyone, not for special classes or interests among the people. It has now been misinterpreted, however, to give a plenary grant of power to Congress to do anything which congressmen can stretch their conception of the "general welfare" to cover, whether they do so by the route of the "greatest good for the greatest number" or by their personal feelings and inclinations. Far from limiting governmental action, it has opened the floodgates to unlimited action.

In view of these developments, references to the "general welfare" should be removed from the Constitution by amendment. It would be profoundly in keeping with the American tradition to do so. Moreover, such action would be a constructive response to notions and circumstances which have changed.

The Power To Regulate Commerce

Another phrase which has been used to extend greatly the sway of the national government is the one which gives to Congress the power "to regulate Commerce . . .

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among the several States. . . ." The records of the time indicate that it was intended "to facilitate" commerce among the states. Under the rubric of the "power to regulate interstate commerce," however, reformers have used it as an opening wedge to regulate and control any activities of Americans which they can bring under it by any stretch of their fertile imaginations. Moreover, it is not even being used very effectively to accomplish its original object, as states pile up rules and taxes which effectively obstruct the free movement of peoples and goods.

It is quite possible that the Founders put the phrase in the wrong place. Rather than granting power to Congress in this respect, the chances are good that the object could have been achieved by prohibiting the states from obstructing commerce. If law and order were then maintained by all governments, commerce should be effectively facilitated throughout the United States. This change could be made by constitutional amendment, felling a great complex of dubious or harmful regulation, and helping to restore the tradition.

Experience has shown, too, that the powers of the states, and of individuals, were not sufficiently safeguarded by the original Constitution. The defect lies in leaving the final decision as to constitutionality to the federal courts. In short, a branch of the government affected by the decision makes the decision as to its powers. It should not surprise us that they would frequently have a generous view of these powers. Something along the lines of the "Court of the Union" Amendment now under consideration should help to remedy this imbalance in the federal system.

The Role of the Judiciary

Even so, the jurisdiction and authority of the federal courts need to be more adequately defined and circumscribed. It needs to be made clear that the courts do *not make law;* they only *apply* the standing law to particular cases. The reason for having a written constitution was so that every literate person might have recourse to it, and see for himself what action was constitutional and what was not. This idea has been so badly subverted today that no one can be sure what the law is in many instances. John Marshall's argument (in *Marbury* v. *Madison*) can stand, but his position was that when there is a conflict between the Constitution and acts of legislature, the court is bound by the Constitution. So are we all! Every officer of the gov-

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ernment is bound to defend the Constitution. It is a written document. Where its language is vague, it should be made clear. Then when any public official acts contrary to its provision, he should be impeached. Indeed, the exceeding of authority granted there or the violation of its provisions should be considered so heinous an action that the person who did it would be effectively ostracized from the society, if not by law, at least by social consent. The Founders did not fully realize how much sanction must support constitutionalism for it to work effectively to limit government.

Presidential Prerogatives

The powers and prerogatives of the President now exceed what was envisioned in the Constitution. The changes have occurred by precedents, usurpations, grants from Congress, and by the creation of the notion that the President is and must be the Leader. Peoples appear ever and again to drift toward monarchy, toward the charismatic leader, toward the single man who will rescue and save them. If this is a tendency of people in general, this tendency has been aided and abetted in America by reformist intellectuals who sense, if they are not fully aware of it, that their programs require a single mind to direct them. Note this pronouncement of a contemporary intellectual:

> Concrete and timely assessments of specific complex questions will not of themselves combine to form "an image of national purpose." That can be done only by a man, and only one man can do it. Elements of a general policy can come from hundreds of sources. . . . But the national purpose in the world can be crystallized and communicated, at any given time, only by the President of the United States.[1]

When the growth of powers and prerogatives of the presidency are combined with the adulation of the leader, as they have today, the stage is set for caesarism.

Again, we can learn from experience how these departures from the constitutional tradition have taken place, and get some clues as to how they might be prevented in the future. A precedent can have no standing in constitutionalism. The fact that President Eisenhower sent troops to Little Rock, and that this action was not effectively challenged, does not establish the legality of the action, though the action may have been legal in this case. To reason in such fashion is the same

[1] McGeorge Bundy, "Foreign Policy: From Innocence to Engagement," *Paths of American Thought*, Arthur M. Schlesinger, Jr. and Morton White, eds. (Boston: Houghton Mifflin, 1963), p. 308.

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as for a thief to reason that because he was not caught and punished for robbing a store that this establishes the legality of the action. A President may guide his action by precedents, just as most of us tend to do, but this only indicates an expectation of legality, not a guarantee. Whether it is necessary to spell this out in the Constitution, I do not know. If there were a real return to constitutionalism, it should not be necessary.

Growth by Usurpation

A good example of the growth of presidential power by usurpation is the so-called "executive agreement." President Franklin D. Roosevelt apparently invented this "power." There is no grant of any such power in the Constitution; thus, there is no need for an amendment. The increasing grandeur of the office, with its helicopters, jet airplanes, limousines, Marine bands, numerous advisers, attachés, physicians, press agents, protocol, tax exemptions, contingent funds, indicates departures from republican simplicity rather than the Constitution. It might be well, however to place additional constitutional limits on the prerogatives of the office. To do so would certainly be in keeping with the American tradition. Those who serve in public office in this country are rewarded financially out of tax moneys taken from Americans by force, or the threat of force. In view of this rather hard fact, it behooves them to live in a rather austere fashion. What is more important, however, is that public officials not be allowed to shield their thrust to power behind the grandeur of the surroundings.

Congress, too, has made signal departures from the tradition. They have yielded up much of their prerogative for initiating legislation to the President. They have turned over lawmaking responsibilities to "independent" boards and commissions. Much of the increased power of the executive department has been granted by Congress. Many things might be done, but one thing appears essential to a return to government by law. There needs to be an amendment to this effect. *No one shall be punished for the violation of any federal law except it shall have been specifically enacted by Congress in all its details.* In one stroke, this would take away from the courts, tax collectors, boards, and commissions the arbitrary powers they now exercise over Americans.

Limited Power To Tax

Experience has shown, too, that there need to be limits upon the

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taxing power of governments in order to secure to the people the right to the fruits of their labor. To this end, the first step to be taken should be the repeal of the Sixteenth Amendment. There are many possible directions to take after that. One would be to require that all taxes upon income or property be levied in proportion to their amount or value. This would prohibit progressive taxation. It might be well, too, to prohibit any exceptions or exemptions from the rate. It might be useful, also, to establish some limits upon spending, but my guess is that if taxes are proportional the great lure of redistribution, which is the lure of the spending programs, would be effectively removed.

It is not my intention, however, to set forth a complete program, in all its particulars, for restoring and building upon the tradition. Rather, I have only wished to indicate the outline of such a program. My major purpose, however, was to demonstrate what constructive use can be made of experience gained from changing circumstances, from trends, and from particular events. These can be used creatively to indicate what action needs to be taken to preserve and build upon the tradition.

There is a third way in which changing conditions bear upon the American tradition. Inventions, discoveries, new ideas, and changes in situation pose new problems and offer new opportunities for liberty and progress. For example, there have been many inventions since the drawing up of the Constitution — radio, television, movies, automobiles, to name a few. At the time of the framing of the Constitution, the only general media of communication was the press. Thus, the First Amendment to the Constitution provided, among other things, that "Congress shall make no law . . . abridging the freedom . . . of the press. . . ." Why not include the other media — radio, television, movies — under this injunction? It would be in keeping with the American tradition to do so. Action could be taken to establish property rights in certain frequencies, and the full protections of property could be extended to them.

Government as Propagandist

New dangers from government have arisen, too, from the use of new inventions and from the development of new techniques. Propaganda, for example, is not new, but the extent to which it is used, the technological devices for spreading it, and the knowledge of psychology which is used in em-

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ploying it have increased so much that governmental use of propaganda is a problem on a quite different scale from what it was in 1790. Surely, everyone should be aware in this day of the extent to which governments use the press, radio, television, movies, outdoor advertising, and public relations experts to manipulate people. Government controlled schools and universities extend this influence until it is virtually all pervasive.

Governmental agencies turn out reams of "information" to influence the public. The difficulty here is not that *propaganda* is being employed. The resort to propaganda by anyone is something that we might all deplore. But there is no way to prevent private individuals from using propaganda without destroying freedom. The case is different, however, with government officials. When governments employ propaganda, they are using moneys extracted by force or the threat of force for illegitimate purposes. That is, they are using our money to persuade us of what they want us to believe. The remedy for this should be found in constitutional amendments prohibiting all informational activity by appointed officers, and all use of tax moneys by elected officers for propaganda or informational purposes. Anyone who wants to use his own time and money to convince others of his way of thinking should be free to do so, but it does not follow that governments should be able to do so.

Liberty Still a Worthy Idea

Other examples could be given, but these should suffice to illustrate how a tradition may be sustained and built upon in view of changing circumstances. Conditions do not change the goals of a people, nor do they make them outmoded if these goals were of an enduring kind. So far as I can see, it is just as sensible to be devoted to liberty in 1964 as it was in 1776. Many of the difficulties in the way of preserving liberty and order are the same today as they were in 1776. To deal with these, the established tradition is relevant. New difficulties have arisen in the meanwhile, or have been caused by usurpation and intentional change. The American political tradition provided means for dealing with these, by constitutional amendment, by impeachment of usurpers, by defeat of politicians at the polls, by the separation and limitation of the powers of governmental officials. To build upon the tradition, it is necessary to keep the tradition in mind, to note dangers to it and departures from it, and to take note of what conditions have

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changed that require action. In short, history and experience can be constructively used within the framework of tradition.

The Case for Saying No!

Anyone familiar with the current "liberal orthodoxy" should be aware that my suggestions, if they were even entertained by "liberals," would be described as "negative." Let the charge be accepted. They are negative in that they attempt to prevent the use of force and violence upon the innocent. They are negative in that they are aimed to prohibit the use of arbitrary power by government officials, negative in that they would deny the use of tax money for political demagoguery, negative in that they would restrict the obstructive activities of state and local governments, negative in that they would reduce publicly financed grandeur, negative in that they would attempt to estop the forceful redistribution of the wealth.

But their *positive* side is as an ocean compared to a brook. They are aimed to protect and defend the life, liberty, and property of individuals, to extend and maintain the area of individual choice, restore individual responsibility, allow full room for the fulfillment and realization of the individual, open up our vision to a moral order in the universe, advance prosperity, restore charity and gratitude to human relations, and help to relight the beacon of liberty so that the light can go forth from America once more to the confused and oppressed peoples of the world.

All of this is what I understand to be THE AMERICAN TRADITION. ◈

IDEAS ON LIBERTY

Limited Government

SHOW ME that age and country where the rights and liberties of the people were placed on the sole chance of their rulers being good men, without a consequent loss of liberty. I say that the loss of that dearest privilege has ever followed with absolute certainty, every such mad attempt.

PATRICK HENRY at the Virginia Convention, 1788

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A LESSON FROM URUGUAY

HOWARD KERSHNER

WHEN I last visited Uruguay 15 years ago, welfare state ideology was already gaining ascendancy in that formerly prosperous and happy little country. Nevertheless, a considerable measure of well-being still prevailed. Since then the descent into slothfulness and wastefulness which always accompanies welfarism has been sharp and disastrous.

Victor Riesel tells us that some Uruguayan workers retire as early as age 37, that female civil service workers get lifetime pensions at 47, that males working for the government retire at 54, that many government offices do not open until 1:00 in the afternoon and that some close as early as 5:30 P.M. For every 12 workers there are six standbys. The latter do nothing unless one of the 12 becomes ill. The government-owned airline operating four planes has 700 persons on the payroll. Other government-operated industries are equally overstaffed.

If one works at a disagreeable job, he can retire at age 40. The normal retirement age is 45 to 50. After retirement one continues to draw full pay for life and the pay goes up with the cost of living. More is added at age 65.

If a woman has worked for 10 years and has a child, she may retire on a lifetime pension even though not more than 28 years of age. Packing-house workers are entitled to take home free almost five pounds of meat a day. They sell what they don't eat.

Such is the extreme to which welfarism leads. If one group gets something, other groups demand a fair equivalent. Pressure groups jockey the privileges, perquisites, and payments higher and higher. Once admit that the state has the right to take money from some and give it to others and there is no stopping the process short of bankruptcy. Inflation and hard times are descending upon Uruguay just as they are on all countries which substitute the belief in something for nothing for the moral law which teaches that all men are entitled to what they themselves earn, but not to any part of wealth created by others.

Dr. Kershner is President of the Christian Freedom Foundation. This article is from his weekly column, "It's Up to You," November 18, 1963.

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WHEN John F. Kennedy attacked economic "myths" in a famous speech at Yale University, he opened a Pandora's Box. For everybody's been talking about "myths" ever since – and the talk has resulted in the cultivation of far more monstrous myths than any that are in course of being demolished.

Bernard Nossiter's *The Mythmakers: An Essay on Power and Wealth* (Houghton Mifflin, $4) is a distinct case in point. There are some good things in this book, notably the sections that deal with automation. But for the most part Mr. Nossiter accepts the newer mythology without questioning it.

For example, he swallows the Gardiner Means thesis about administered prices hook, line, and sinker, talking with plausible pseudosophistication about "target pricing" as if the mere desire to sell a "standard volume" at a price guaranteed to pay a fixed amount of profit were certain of automatic fulfillment. The enormously significant work of A.D.H. Kaplan, whose *Big Enterprise in a Competitive System* shot the Means thesis full of holes, is not brought to bear on the discussion. What Kaplan proved, in the preferred modern statistical manner, is that the big are not eating up the little; that the list of the 100 largest corporations is in a constant state of flux; that price competition, frequently spurred by the availability of substitute items, is just as fierce as it ever was; that even in industries dominated by a Big Two or a Big Three or a Big Four there is "workable competition"; and that the worst price stiffnesses are to be found in nonconcentrated areas such as the building trades. These uncomfortable facts are mistaken for myths by Mr. Nossiter, who mentions the Brookings Institution three times without recognizing that it was

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Brookings which sponsored Professor Kaplan's authoritative study.

Competition in Steel

Mr. Nossiter's unwillingness to face facts which tend to vitiate his own pet theories crops up in a hundred little ways. He disputes one of J. Kenneth Galbraith's more irrefutable ideas, that strong sellers beget strong buyers. There is no reason to believe, so Nossiter asserts, that General Motors, a strong buyer, can have much effect on a strong seller like U.S. Steel. No? Well, General Motors helped finance the McLouth Steel Company; and (to generalize the argument) the Ford Motor Company built its own steel plant at the River Rouge. Again, the automobile manufacturers winked three times when National Steel, a maverick, decided to acquire manufacturing facilities in the Detroit area. A further check on U.S. Steel, as a strong seller, is the fact that aluminum and plastics are acceptable substitutes for iron or steel for some parts of an automobile. Moreover, if big steel companies refuse to reduce their posted prices, is this any guarantee that they don't shave their "administered" figures by hidden concessions, such as absorbing certain charges?

The whole area of hidden competition is something that economists like Mr. Nossiter tend to ignore, probably because it would take good detective work to ferret its secrets out. For myself, I know that my father, who sold furniture for sixty years, had one price in his window, and another price if he really had to make a sale to clear out inventory or to retain a customer for the future. Is there any reason to believe that this sort of competition isn't universal any time there is a buyers' market?

Mr. Nossiter belabors the case of steel, but he also says that steel "is not unique." This brings him to the question of monopolistic "union-employer alliances." He speaks of the Teamsters Union practice of giving concessions "in terms of its contracts to large truckers" which "thereby promotes President James Hoffa's aim of eliminating the smaller firms." Admittedly, this is a nefarious state of affairs. But how successful is it in eliminating competition? At this moment the New York Central Railroad is just about to start a new service in handling dry bulk cargoes such as cement, plastic pellets, and so on. Using high-powered pneumatic pumping equipment, the Central can now transfer cement from a train to a short-haul truck without the expenditure of much time or money as measured by man-

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hours. Since Hoffa has pushed trucking wages to a high point, the Central expects to undercut the long-haul trucking companies in an extremely important type of business.

Fact or Fancy?

It is this sort of thing that Mr. Nossiter ignores. He is also guilty of a distorting type of selectivity when he deals with history. For example, he says that American steel makers "spurned" for a full decade the new basic oxygen steelmaking technique which was developed in Europe in the early nineteen fifties. He quotes a Bethlehem Steel man as saying, "We don't want to invest in a facility unless it will return, on the average, 20 per cent before taxes operating at 60 to 70 per cent of capacity." Well, Bethlehem, for its own good reasons, may have said that – but the fact is that the Jones and Laughlin Company went ahead a long time ago with the basic oxygen furnace, and now all the companies are following the J. and L. lead.

Mr. Nossiter is addicted to some crazy logic, often within the compressed space of a single paragraph. Thus, on page 63, he says that U.S. manufacturers spent $13.3 billion a year for new investment between 1958 and 1962. During this period, he says, "18 per cent of their productive capacity was idle." Then he adds a statement that when plants are unused, "corporations are less inclined to push ahead with new investment." This may be perfectly true as a general observation, but hasn't Mr. Nossiter just pointed to some $66 billion of new investment over the 1958-62 span? It is a strange logic that says when you invest, you don't invest. But such logic crops up in several places in Mr. Nossiter's book.

Automation Analyzed

After plowing through pages of non sequiturs and distortions, it is a pleasure to come upon Mr. Nossiter's discussion of automation. He points out that after World War I, the yearly gain in labor productivity was 2.7 per cent. By contrast, the yearly gain between 1950 and 1961 was 2.4 per cent. Yet the decade of the fifties was the one in which everybody was talking about what automation was supposedly doing by way of making productivity so efficient that it must eliminate the human hand and eye from payrolls.

Mr. Nossiter deduces from his comparative figures that the "pace of this displacement" of workers "has not broken into fresh ground." Says Mr. Nossiter, it is a "lack of total demand," not automation, that is the cause of "rising

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unemployment." This would seem to be obvious enough. But Mr. Nossiter does not tumble to the certainty that the government drag on the economy, whether it is expressed in terms of taxation, inflation, or bureaucratic interference, is far more a cause of unemployment than it is a consequence of it.

Mr. Nossiter takes issue with General Motors for wanting to earn 20 per cent on its investment "after taxes." He then objects to the high price of cars, as if the earnings target were to blame for prices. To my simple-minded way of looking at things, it seems obvious that if there hadn't been a corporation profit tax of 52 per cent, plus innumerable taxes on practically everything that goes into a car, GM could have really lowered its prices. The "20 per cent after taxes" has little to do with the case, for GM would need a similar spread even in a low-tax economy in order to keep up with the competitive and innovating parade.

Mr. Nossiter is a national economics reporter for the *Washington Post*. He lives in Washington. One suspects that his book would have been vastly improved if he had only lived in Pittsburgh, Pennsylvania, or Cleveland, Ohio, where one can actually see men going to work in factories. ◈

▸ *THE MESSIANIC CHARACTER OF AMERICAN EDUCATION* by Rousas J. Rushdoony (Nutley, New Jersey: The Craig Press, 1963, 410 pp. $6.50).

Reviewer: Robert M. Thornton

MANY THERE ARE who criticize current aspects of education without examining the underlying philosophy. Now Mr. Rushdoony has given us a history of educational philosophy in this country since the days of Horace Mann, and once again — as in *Intellectual Schizophrenia* — he gets down to bedrock.

In the Judeo-Christian tradition, the individual person takes priority over all collectivities. "Man is thus *not* a social animal who must run in the pack, and whose life is comprehended in the state, nor is he the creature of society or the state, but always and only the creature of God . . ." But the "basic presupposition of modern education" is "that man, a creature of the state, is truly man therefore in terms of the state rather than God." It is the widespread acceptance of this concept of man, says Rushdoony, that has led to the dangerous state of American education today.

In this age of the master-planner and social engineer the schools are used as "religious and political instruments for the total reshap-

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ing of man and his society and the conditioning of the child in terms of that way of life." The concept of man as a responsible creature is denied when he is viewed as a mere product of determining forces quite beyond his control. The school is to replace the family and "attend to the entire training of children – to be responsible for bodily health, intellectual training, and moral culture . . . ."

Obviously, there are no easy remedies for the ills that beset American education. The basic premise of that philosophy must first be understood, and then refuted. Then drastic action is required; nothing less than the "radical disestablishment of the schools, the separation of school and state." This would, of course, be done by repealing the laws which make school attendance and school support compulsory. This accomplished, parents and not the state would have the responsibility for the education and training of their children. But here's the rub. Parents today seem not at all reluctant to shrug off their responsibilities onto the school, the kindergarten, the nursery school, and the Sunday school.

What would happen if school support and attendance were no longer compulsory? We have had public schools as long as anyone now living can remember, so it is difficult for many people to imagine how we might get along without them. But Professor Carson, writing in these pages some months ago, reminded us that until the middle of the nineteenth century there were no *state* schools in this country, but only *independent* schools (state and independent are more accurate than public and private with respect to the description of schools). Church attendance and support, on the other hand, were compulsory in the early years of our country. Now that the situation is reversed, is there any great shortage of church buildings or a decline in church attendance? Are clergymen starving because they must depend on voluntary gifts to pay their salaries?

Today there are many who clamor for separation of church and state – even to the absurd extreme of equating Bible-reading in public schools with the establishment of a State Church. But many of these same persons do not see that the reasons they might advance in support of this separation of church and state apply equally to the relation of school and state. It is especially disheartening to see the churches acquiesce in the state's claim that individuals belong to it and not to God. ◈

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■ I had a professor of biology at Amherst who told us that in his "weaker moments" he envied the clam. And why? Because all a clam needs to do is to shut his shell and be "safe," or to open his shell and eat. All his food and drink come washing in over him! — like a government subsidy. The clam's is the lazy ideal of modern "welfare" — to eat, to sleep, to reproduce. What oceanic feather-bedding! What bivalve welfare!

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